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CONTENTS:—

	Page		Page		Page
<i>Titoism in China</i>	650	<i>Okinawa: Economic Conditions</i>	659	<i>Hongkong Trade in Textiles</i> ..	672
<i>Economic Report from USA</i> ..	651	<i>Philippines: Economic Develop-</i>	659	<i>Hongkong Building Construction</i> ..	673
<i>US Trade with China</i>	651	<i>ments</i>	659	<i>Financial Reports</i>	674
<i>Situation in Kwangtung</i>	652	<i>Hongkong's Trade for October</i> ..	660	<i>Hongkong I & E Regulations</i> ..	676
<i>Peking-Moscow Aviation</i>	653	<i>Hongkong Balance of Trade</i>	666	<i>Hongkong Japan Trade Regula-</i>	
<i>Manchuria's Industrial Position</i> ..	654	<i>Hongkong Trade Statistical</i>	667	<i>tions</i>	676
<i>Investment Companies in China</i> ..	656	<i>Review</i>	667	<i>Hongkong Trade with India</i>	677
<i>Taiwan: Report; Cooperative</i>		<i>Hongkong I & E of selected</i>		<i>Commercial Reports</i>	677
<i>Farms</i>	658	<i>goods</i>	671	<i>Hongkong Commodity Markets</i> ..	678

ROLE OF JAPAN IN FAR EAST

The peace treaty with Japan, long delayed, is now in the final drafting stage as far as the US, the British Commonwealth and other western allied countries are concerned. The Japanese people, rising after the defeat, are now expecting the unqualified return of sovereignty and the admission to membership in the UN. The majority of public opinion in Japan supports the conclusion of a defence pact with the US and the turning over to the US of naval and air bases on Japanese territory thus making it America's responsibility to protect Japan until the nation is able and ready to defend itself without foreign assistance.

Eventually Japan will have to resume her role as leading industrial nation in Asia and conditions in this world being what they are Japan cannot be expected to remain disarmed. With communist China maintaining a huge army and building up with whatever speed and success a navy and an airforce Japan cannot feel safe until she has again both the means to produce arms and ammunition and to train a defence force of such proportions as to effectively discourage any foreign aggression. The danger to Japan in future is reaching from across the continent; with Russia and Red China being bound in military alliance the fate of Japan would appear sealed—either to submit to invasion and occupation by Russia and its Chinese satellite or to overthrow internally the present social order and to put in its stead the dictatorship of the Japanese communist party (which would have to take its place as obsequious satellite of Moscow).

Fortunately for the Japanese people the US occupation has turned out to be a most benevolent administration which has achieved in every sector of the economy of the country outstanding progress. At the same time the nation was protected from the rapaciousness of its former enemies who, after the defeat which was mainly brought about by American efforts, would have liked

to put the Japanese under an interminable yoke of retributive payments and virtual slavery. It is largely due to the statesmanship of General MacArthur that Japan has advanced until today this remarkable people have achieved economic successes unparalleled in the postwar world.

Out of the ashes of defeat the Japanese phoenix has risen and once again the nation is destined to play a leading part in the shaping of the future course of events in Asia. It may be not India which will become leader of the Asian nations though under Pandit Nehru that great nation has good claim to such leadership and though the rest of the Commonwealth stands behind New Delhi. The 'new Japan,' once freed from the controls imposed on her by the US occupation, is more likely to contribute to the shaping of Asia's destiny.

The Japanese people have long demanded the concluding of a peace treaty but they have realised that with the best will of the US the obstruction by Russia was formidable. Now, after 5½ years, America and Japan, with the concurrence of the western Allies, are agreed upon to make peace with Japan, leaving Russia and its satellites to their own devices as to making their sort of peace with Japan. Soviet hostility to Japan is historically proved. Under Czar or commissar the expansion of Russia into the Pacific and even into coastal China was blocked by a militant people who, being Asians, could count on the sympathy of other Asian nations. The Russian empire's dream of hegemony has been thwarted in the past by Japan who had her own claim to hegemony in the western Pacific. In recent years Russia under the guise of world communism's champion has extended its borders and its influence and in the Far East, as a result of the defeat of Japan at the hands of the forces of the US with some support given by the British Commonwealth and nationalist China, has been able to bring China under its control. In Japan, potential

big world power, Russia meets a traditionally hostile nation which can only be conquered by replacing in Japan the 'ruling classes' by the 'proletarians,' in other words by causing a revolution to break out in Japan, support it from outside (directly and via China) and eventually, in case of success, impose communist dictatorship on the people thus making Russia's dream of hegemony in the Far East, indeed in all Asia, a fact.

China today is Moscow-controlled and therefore Peking's policy is nothing else but a duplication of the Kremlin's. No communist state makes an independent foreign policy and if such is attempted 'Titoism' rears its head. Formosa, on the other hand, cannot afford to pursue a foreign policy other than approved and sponsored by the US, and thus Gen. Chiang Kai-shek has not made any difficulties in regard to the proposed conclusion of a peace treaty with Japan. National aspirations of the Chinese are today better represented by the Kuomintang regime than by the communists in Peking; the former are still suspect as their misdeeds in the past are remembered and the integrity of a large number of the Generalissimo's followers is seriously questioned, however, they are in every respect more logical spokesmen for the Chinese than the communists who, especially in this acute period of war-preparations, are speaking with the voice of Moscow and entirely forget about their national heritage. The Chinese people are, in spite of the martial character of the communist regime, peaceful and have no ambitions to conquer other peoples' territories; they fear the Japanese as much as they reluctantly admire them, and they want to have some assurance that the 'new Japan' will not relapse into aggression. With the functioning of the UN such fears by the Chinese need not grow but may subside in due course. The guarantor of peace in the Pacific as indeed in the whole world is today the US—their strength and determination to use it against the expanding, aggressive communism under Moscow's direction inspires confidence in the maintenance of the present order

TITOISM IN CHINA

'Titoism' in China is a possibility, that is to say a split between the present ruling Politburo and a defiant anti-Russian bloc may be brought about if international developments turn in favor of a national communist movement. But at present there is no sign for such a political revolution in Peking though unrest in several Chinese cities in the south is growing. The Chinese in Hongkong, as far as politically interested and conscious, are all of one opinion: that Titoism cannot be expected in China today. That the KMT partisans would hold this opinion is obvious but also the more disinterested and relatively neutral member of the intelligentsia and 'petty bourgeoisie' discourages any speculation as to the chasing away of the Russian 'teachers and friends.' The communist party workers are also quite firm in their denial of any possible split among the CCP inner circle: whatever differences of opinion existed some time ago when Li Li-san vied with the Yanan clique under Mao Tse-tung for the leadership in the party general secretariat and the Politburo have now disappeared and have given way to a concerted effort to pursue unquestioningly the Moscow directives. Thus the consensus of opinion emanating from Chinese, left, right and centre, is that Titoism is nothing but a western phantasmagoria probably the result of timid appeasers.

Nehru, the appeaser par excellence, has been much ridiculed by the KMT and the 'neutrals' while the communists have not been sparing with scorn and the usual scurrility. The British have met with a similar reception though their 'appeasement' has been interpreted as the usual cunning approach to the solving of a political problem. That London has tried to 'appease' Peking is an untrue allegation as nothing more than recognition of Peking has been offered by Britain—recognition that Peking was in full control of the whole of China (Formosa being, as yet, not an integral part of China). How disturbed was the British Government about the aggressive policies of Peking and the submission of China to Russian rule has often been publicly shown. If Red China was, as had been the intention of London and New Delhi, to be admitted to UN membership no harm could have been done to the cause of the free, democratic nations; another veto would have to be faced and more propaganda speeches might have been launched from the UN assemblies. But Peking is utterly unoriginal and all its possible harangues would have been only less witty repetitions of Malik and Vishinsky fulminations. On the other hand, Peking's slow approach to other nations and the opening of relations between the hermits of Yanan, now the masters with Russian permission of Red China, and western nations' representatives might have had a civilising effect. At any rate, the recognition of Peking did not in any way, as far as India and Britain were concerned, weaken their position or strengthen Red China. It is true, the KMT partisans and all non-communists were discouraged and for a time felt that their cause was a lost one.

Now, when Peking in the Korean war was exposed as a full-fledged satellite of the Soviet Union and the military intervention of Red China is getting underway, the sentiments expressed not so long ago in London and New Delhi favouring a compromise with Peking, provided that some willingness was shown in the 'new China', are now fading and a tough policy is being everywhere advocated. Peking has been given a chance but the communists have spurned it; hopes for a Chinese type of communism and for freeing China from the imperialist clutches of Russia have now been abandoned. Titoism, while not dead, is at present to be stored away; it may eventually show up in the political curiosity chamber.

Chinese social reformers hold that the present form of communist dictatorship is but ephemeral; the alliance with Russia against the western, democratic nations, for the pressing of world revolution must end in disaster (world conflict) or end in separation by the Chinese who desire only domestic reforms, gradualism, while showing disinterest in the internal affairs of other nations.

and in the peaceful, evolutionary reform in social relations in free, democratic countries.

Japan cannot be repressed—or only for a short time; this resourceful and hardworking people's contribution to the progress of civilisation cannot be dispensed with, indeed it is essential for the peoples of Asia. China has misgivings and she has suffered at the hands of the Japanese—but she has also reaped great benefits as have the Koreans and Formosans and especially the people of Manchuria. The two major Far Eastern powers can live in peace and cooperation if only Russia's imperialism would not interfere; they can be good neighbours, trading with each other and helping mutually to elevate the standard of living of their peoples. There is fundamentally nothing sinister in the Japanese national character, as some Chinese politicians would have us believe; the vitality of a people like the Japanese might appear to an especially backward neighbour as menacing but in fact it is a force of progress which must be matched and copied by others. In the unending struggle for a better life and for existence itself the better fitted emerge as 'victorious'—it is up to China to prove her claims to equality with other races and nations; if the Chinese people are able to rid themselves of the Russian 'friendship,' their most deadly danger at the moment, their national fate may be regarded as bright and promising. In cooperation with all other nations but particularly with Japan China will forge ahead to the greater benefit of her own people and all peoples of the world.

ARMS FOR AGGRESSORS

The British Minister of Defence and other ministers came under heavy fire last week, on the question of supplying arms to Egypt which might be used against Israel or even in an attempt to abrogate the existing Anglo-Egyptian Treaty regarding the Suez Canal. In his capacity as Leader of the Opposition, Mr. Churchill threatened to move a vote of censure against the Government regretting that it was unwilling to suspend the export of arms, including 16 Centurion tanks, to Egypt while the 1936 Anglo-Egyptian Treaty was being challenged by the Egyptian Government. Eventually, following a stormy attempt by the Conservative Party to obtain a debate on the subject, the Deputy Prime Minister associated himself with the statement made by the Under-Secretary for Foreign Affairs that no more tanks would be sent to Egypt before the Foreign Secretary had reported to the House of Commons on the talks which were about to be held with the Egyptian Government.

It is one of the glories of a democracy, in contrast to the suppression of thought in a communist state, that an opposition can and should exist to any government in power. As a result of this safeguard, ill-considered actions such as that of permitting formidable war equipment like tanks to go to a country that is threatening (whether seriously or not is beside the question) the unilateral abrogation of a treaty with the country supplying such equipment, cannot go unchallenged but are brought into the light of day for consideration.

On the other side, however, it is claimed that it would be impossible for a country under the communist system of government to supply armaments to any nation that was not proved to be friendly.

There is no doubt that the whole question of the furnishing of materials necessary to war to other nations will have to be seriously considered one day, not only by Great Britain but also by other countries. It has recently been brought out into the open that U.S. copper has been going to Communist China, and steps are being taken to close the leak; rubber has also been going in the same direction, as well as other materials useful in war.

In any event, action has to be taken by the government, individual traders cannot act on their own initiative. The more strongly public attention is focussed upon the anomalous position that has arisen in regard to the supply of arms, the better it will be for the cause of democracy.

A recent case in point deserves to be mentioned in this connection. It has been stated in the House of Commons that the Government had permitted the export of jet aircraft engines to the Soviet Union; and considering the fears that have from time to time swept the world as to the outbreak of a third world war, and the exposures that have been made as to Russia's imperialistic expansion in Europe and the Far East, it seems incredible that any government no matter what the excuse should supply a potential enemy with such powerful and unique equipment. The birds indeed seem to have come home to roost in the Korean war, where Russian jet fighters were used against the United Nations' forces by the Com-

ECONOMIC REPORT FROM U.S.A.

Industrial production in the United States during the coming year may expand by 8 or 9 per cent as the program to rearm the United States and other free nations against communist imperialism gathers momentum. This is the estimate of M.S. Szymzak, American economist and member of the board of governors of the Federal Reserve (Bank) system. Noting that the Korean war established the intention of the United States to support the United Nations policy with force Mr. Szymzak said that the United States must maintain a much larger defense establishment for an indefinite time to meet its international commitments and to secure its defenses. "Actions already taken clearly indicate that present and forthcoming programs will exert a heavy strain on our economy and that we must gear our economic policy to the new situation," the economist says. "The President has stated that the size of the armed forces will double from the pre-Korean level of 1.5 million to 3 million men. Congress has appropriated an additional 17 billion dollars for defense, military aid abroad, and an expanded stockpiling program. In men and dollars, this more than doubles the pre-Korean defense program, and indications are that further supplements may be needed."

This requirement for increased defense production comes at a time when the output of civilian goods and services is at record levels in the United States. The index of industrial production, for example, shows that output is now at a peacetime record of 212 per cent of the 1935-39 average. Superimposing the expanded military production program upon the present U.S. economy will put a strain upon labour, industrial capacity and supplies of scarce materials. It will require an increase in production capacity, worker productivity and a lengthening of the work week.

Bell Report:—Acceptance by the Philippine Government of the Bell report on recovery and expansion for the Philippine economy may eventually result in that country becoming a major textile competitor of the United States. Agricultural experts on the staff of Daniel W. Bell, who headed the Philippine Economic Mission last summer, says the major agricultural expansion opportunity there lies in stepping up the introduction of ramie. This is a fiber that could become highly competitive with cotton if output is

expanded to its full potential and commercial processing methods are worked out. Ramie fiber can be woven into extremely high quality fabrics that outwear cotton. The fineness and light weight of such fabrics make them ideal for hot weather clothing.

Rubber Consumption:—Synthetic rubber will account for 48 per cent of the United States total new rubber consumption in the remaining month of this year and perhaps more than 60 per cent next year. Harry E. Humphreys, Jr., President of the U.S. Rubber Company of Akron, Ohio, stated that "we may well see the center of rubber production shift from the plantations of the Far East to Texas." The immediate reason for the growth of synthetic production is that the government is buying large tonnage of natural rubber for stockpile to insure national security in the event supplies from Far East plantations are cut off.

Pig Tin Inventories:—Producers, importers and distributors of pig tin have been ordered by the National Production Authority to report their transactions in the metal to the U.S. Government. NPA also ruled that users must restrict their inventories of alloys and other materials containing tin, except ores and concentrates, to a 60-

day supply or to a practicable working minimum—whichever is less.

World Wool Demand, Supply:—The high postwar consumption of wool should not be surprising because of the accumulated needs in Europe and the higher standard of living in the United States. Per capita wool consumption in the U.S. has risen 56 per cent in the last decade. The postwar annual average consumption of wool in the world is estimated at 3.1 billion pounds, with some years greatly exceeding this amount. In 1950, the wool mills of the world faced for the first time the reality that they might not be able to obtain replacements as readily as in past years. Despite a steady rise in merino wool production during the past four years, the new supply of this grade is not likely to support the level of the demand.

In the U.S., mill consumption of wool during the first eight months of 1950 has been running at an annual rate of 426 million pounds or 35 per cent ahead of the corresponding rate in 1949. Wool industry's major problem is to increase production to catch up with demand. In the major wool-exporting countries, including Australia and New Zealand, high wool prices have been a strong factor in the expansion of wool production.

U.S. TRADE WITH CHINA

The American Commerce Department imposed controls over exports have already withheld large quantities of strategic materials from Communist China. At the same time, United States private traders have continued to obtain valuable imports from China. These include significant quantities of tungsten, tin, tung oil, hog bristles, wool, animal hair, and feathers, as well as tea and spices.

Critical and strategic materials began to be withheld from China under Department of Commerce export licensing policies instituted early in 1949. These controls resulted in a decline in total exports to China from US \$273,400,000 in 1948, to \$82,600,000 in 1949, and to \$33 million through August 1950. US imports, however, have held steady and have substantially exceeded exports in 1949 and 1950. Imports of tungsten which is used in the steel industry, were 3,923,000 pounds in 1948; 4,594,000 pounds in 1949; and 6,668,000 pounds from January to July 1950. Shipments of raw cotton, which is of little strategic significance and was in relatively free supply until recently, made up almost 85% of US exports to China this year. Even such shipments, however, have now been shut off.

With reference to the recent widespread interest in shipments of scrap rubber, mineral oil and vaseline, and certain steel products, the US Dept of Commerce explained that they were of no strategic significance, particularly in the light of the relatively

small quantities involved. The judgment of military officials as well as commodity specialists has been followed in determining what commodities should be controlled for export.

Since January 1950, the US have not licensed any aviation fuel or lubricating oil; automotive fuel; diesel, heating and other fuel oils; or kerosene; and only a small amount of other lubricating oils.

Exports to China

Since early 1948, exports were put under control so as to deny to the Soviet Union and to those countries under its domination any goods which might help them to increase their military strength. Likewise, since the Chinese Communists began their drive southward early in 1949, the US has licensed shipments to China with great care. The first concern was to shut off those goods which would really help increase the strength of Communist armed forces; at the same time it was intended to permit shipment of small quantities of goods necessary for the minimum needs of the Chinese economy so as not to penalize the civilian victims of the war in China.

In the latter part of 1949—late October—as mainland China fell under Communist domination, controls were extended to approximately a hundred additional items of security significance, including certain refined oils, principally aviation and industrial types; petroleum field and refining equip-

ment army invading Korea. These jet fighters were reported to be extremely fast, and as none were brought down it is left to conjecture whether or not they were furnished with engines from England.

Some day the democracies will awaken to the fact that they have run a great risk of losing their dearly-won freedom by acts of folly such as those described.

ment; truck tires and tubes; certain iron and steel mill products; electrical generators and apparatus, including motors, accessories, and parts; numerous types of machine tools, and mining and quarrying machinery.

In March 1950, after additional review and study of the situation, export controls applicable to the Chinese mainland and adjacent areas, as well as to all other parts of the world from which transshipments might take place, were made coextensive with existing controls to the Soviet bloc in Europe. This action, it should be noted, took place several months before the outbreak of Communist aggression in Korea.

Upon the invasion of South Korea, a complete embargo was immediately imposed on exports of all goods to North Korea. As a further measure, no licenses whatsoever have been issued since that time for shipments of controlled commodities to mainland China, and outstanding licenses have been revoked.

The largest single export to China, by far, is and for some time has been, raw cotton. Its primary use is in the manufacture of textiles and it was in relatively free supply until recently. Eighty-three percent of all shipments to China during the entire period of January-August 1950 was raw cotton, and none is now being licensed.

In 1948, the US exported 486,569 barrels of aviation fuel to China; in 1949, exports declined almost 80% to 91,497 barrels; and since January of this year, none were licensed. In 1948, 561,014 barrels of automotive fuel were exported to China; in 1949, exports declined about 90% to 32,521 barrels; and none were licensed since January 1950. In 1948, 147,719 barrels of kerosene were exported to China; in 1949, exports to China were only 883 barrels, a decline of 99%; and none at all since January 1950. In 1948, the US exported to China 470,286 barrels, of diesel, heating and other fuel oils; these exports declined in 1949 to 33,337 barrels; and none at all since January 1950. In 1948 the US exported to China 228,507 barrels of industrial lubricating oils; in 1949, such exports dropped to 15,897 barrels; from January through March 1950, 14,195 barrels were exported and since then only 1,300 barrels. The US exported 58,116 barrels of aviation lubricating oil to China in 1948; exports in 1949 declined to 4,403 barrels; and since January 1950, none at all were licensed to China.

Exports to China of machinery and vehicles generally were \$46.9 million in 1948; they declined to \$11.2 million in 1949, and were \$1.1 million through August of this year. Electrical machinery and apparatus exports were \$6.9 million 1948; \$1.9 million in 1949 and \$400,000 for the first 6 months of 1950. Similarly, industrial machinery fell off from \$18.3 million in 1948; to \$5.5 million in 1949; to

THE SITUATION IN KWANGTUNG

Although the foreign policy of the Peking government is meeting with strong opposition the headway made in recent months in the general economic field cannot be ignored. The people's livelihood is improving though conditions of poverty cannot be quickly remedied. The merchant class as a whole is not satisfied but the vast majority of the people do not find much fault with the new regime in economic matters.

The pro-Chiang faction is still existing and has probably gained in number; but it is fully underground and of no danger to the new regime except in case of a successful landing of the Chiang forces. But this possibility is not taken seriously; in spite of the nationally disadvantageous moves of the Peking regime in North Korea the outbreak of war between Red China and the US is deemed an impossibility—the people understand better than any propagandist can tell them how weak they are militarily and how superior in

military strength is the US. This situation, if ever it changes, cannot be expected to undergo any change for another generation. Without a major war breaking out in China, Chiang in Taiwan will have waited in vain for the chance of a come-back and peace in China may thus prevail for a long time—at least as long as the big powers so elect.

When the Chinese people are at peace there is progress assured in agricultural, mineral and manufacturing production. The state is taking over management and ownership here and there and no secret is made out of the eventual goal of socialisation but progress on a national scale is therefore not hampered, on the contrary in so chaotic a country like China the interference of the state in production may be a blessing in disguise for the people as a whole. The economy of the nation is now better founded than for many years past and every month sees fur-

\$500,000 for the first 6 months of 1950. Aircraft exports fell off from \$12 million in 1948, to \$2.5 million in 1949, and to none, since January 1950.

Exports to China of chemicals and related products were \$18.7 million in 1948; \$10.4 million in 1949; and only \$1.1 million since January 1950. Exports of medicinal and pharmaceutical preparations have declined from \$4.5 million in 1948; to \$2.4 million in 1949; to about \$300,000 up to July 1950. Likewise, exports of industrial chemicals have dropped from \$3.1 million in 1948; to \$1.3 million in 1949, and to \$100,000 from January to July 1950.

Exports to China of metals and manufactures generally were \$10.9 million in 1948, \$3.5 million in 1949, and \$1 million up to July 1950. More specifically, exports of iron and steel-mill products were 60,000 tons in 1948; 16,000 tons in 1949; and only 800 tons up to July 1950.

The US Government's rubber specialists have not yet felt it necessary to recommend the imposition of export controls on scrap rubber. It has none or very little strategic significance, its customary use in China being in the manufacture of shoes for civilian purposes. Moreover, recent exports have not been high, e.g., exports to China in 1947 were 9,000 tons; 1948, 2,700 tons; 1949, 1,000 tons; and through August 1950, 1,167 tons.

It is also unlikely that this scrap rubber could be used in America. Historically, no user of scrap rubber in the United States has ever been able to justify freight costs of hauling scrap rubber products out of the US Northwest to reclaiming plants in the Midwest or other Pacific Coast points, or the East. A similar transportation cost problem exists on scrap rubber in such areas as San Francisco where the only reclaimed rubber plant on the Pacific Coast is in Los Angeles.

Imports from China

Total US imports from China were \$120.3 million in 1948; \$106.4 million 1949; and \$57.5 million for the first 6 months of 1950.

Among the leading imports from China in 1948 and 1949 were hog bristles; feathers; tung oil; wool; animal hair; tungsten; and tin; as well, of course, as substantial quantities of tea and spices essential to American civilian economy.

Painting, tanning, industrial cleaning, paper coating and other essential operations require the use of bristles; and about 90% of US supplies of this commodity have come from China. In 1949, the US imported about 4 1/2 million pounds of bristles, and during the first 6 months of this year more than 2 1/2 million pounds.

Feathers are used as filling in sleeping bags, flying suits, and pillows. For some uses there are substitutes, but not for such uses as Arctic sleeping bags and hospital pillows. In 1949, the US imported more than 7 million pounds, and for the first 6 months of this year, more than 2 1/2 million pounds.

Tung oil is used in waterproof preparations, electrical insulation, and brake linings. In 1949, the US imported 65 million pounds, of which 43 million pounds came from China. Significant imports of wool have likewise been maintained; 13 1/2 million pounds in 1948; almost 11 million pounds in 1949; and over 11 million pounds already this year.

China is the world's largest producer of tungsten, and it provided America with 50% of her 1948 imports. The US increased imports from 3,923,000 pounds in 1948; to 4,594,000 pounds in 1949; to 6,668,000 pounds from January to July 1950. Imported from China were also 3,641,000 pounds of tin in 1948; 8,206,000 pounds in 1949; and 2,886,000 pounds to July 1950.

ther improvement—not necessarily for individual businesses but taking China as a whole.

The peril of monetary inflation has lost all its sting, in fact the consensus of informed opinion is that inflation is a thing of the past which cannot be reenacted—as long as peace prevails in the country. The currency is not backed by anything valuable like bullion and foreign exchange holdings; the government explained to the people that 'their strength and their productivity' is the backing of the currency, that government will balance its budget and that no excess issue of notes will be made; at the same time the people are told that principal staple products form as it were the backing of the currency, i.e. rice, cotton cloth, coal and flour. With an ample supply and large stocks of these commodities the note issue can be maintained without difficulty; govt will not require to issue 'excess notes' as revenue is to equal, possibly to exceed, expenditure.

The degree of public confidence in statements by the govt is remarkable and it is largely on confidence that a fiduciary note issue must be based. Therefore Peking is concerned lest some promises made later turn out to be 'errors'. The Chinese people being largely glibulous though given to reasoning, obedient when rulers are not flagrantly oppressive and cooperative when properly guided and 'indoctrinated', the Peking regime finds it comparatively easy to maintain law and order in the country.

Without any foreign intervention, which could only menace Peking in case of their being goaded into a really big provocation of the capitalist powers, the present regime in China must be regarded as stable and bound to win the youth over in increasing numbers. It is often heard among the more recalcitrant private traders that the communists have come to stay and that no change in China can be visualised except on the premise of Peking's embroilment into foreign wars.

Financially, the Peking govt has matters quite well under control. They have monopolised, besides the above mentioned four staple commodities, a large number of essential commodities and by controlling domestic communications and being able to count on millions of loyal civil servants and party workers, shortage and scarcity should nowhere last for long. The control over the supply and distribution of foreign and domestic commodities is diversified, still in process of continual change but developing smoothly towards effective centralisation. Prices are, as far as essential commodities are concerned, well controlled and few would dare to profiteer or to sabotage (for political reasons); the govt have overwhelming economic power, they can without resort to police measures determine prices—and the merchants know that if not from studying the set-up of the host of economic organisations so by bitter experience when they were caught short by govt.

The national treasury seems to be in good shape—nothing concrete can be

said as figures are kept a close secret, the public knowing nothing about the amount of bank notes issued, the totals of govt revenue and expenditure, only hearing fatuous recitations of percentages which are usually indicating advances in production. However this policy of secrecy, resented as it is by the educated members of the community, has not caused a confidence crisis.

What distrust in the Peking govt there has recently been shown resulted from the Moscow-inspired policy of Peking in their foreign relations. The public has often felt that Peking is threading a dangerous path and may undo the good it has brought about since the expulsion of the KMT regime from the mainland. Then, as can be expected, they start to seek more security for their possessions and some flight of capital begins. But the political upheaval is believed or rather hoped to be calmed down before long, and the malevolent influence of Russia curbed until amicable relations with capitalist nations can be resumed—for the better of the Chinese nation.

Foreign trade results for many months past have been in favor of exports and thus the national treasury must have accumulated exchange reserves of some magnitude. The treasury does not announce any figures and so the public is left in the dark as to the disposal of the credits and must draw its conclusions from what little 'educated guesses' there exist in a country so much devoted to rumor-mongering (a consequence of traditionally bad government which never condescended to let the people know what was going on and if information was available it was unreliable and incomplete). It is possible that the treasury is holding at present credits to the amount of US\$ 150 million which figure appears, measured on Chinese standards, formidable; it also includes the 'earnings' of govt from conversions of privately held exchange and currencies. Though it is stipulated that bullion can be owned by the public, the surrender of foreign exchange is compulsory. (Nevertheless the private

hoards especially US and HK dollars are still considerable, running probably into US\$ 100 million and HK\$ 100 million for the whole of China; such figures do not include hoarded bank-notes alone but also credits abroad of which Peking has no knowledge or at least no proof).

That the govt was able to make China, once again in her history, independent of foreign supplies of rice has been a popularly acclaimed feat and much has been made of it by the govt. Since 1932 and until last year China was to a good deal unable to feed herself and serious starvation was only staved off by foreign supplies of rice (often donated by foreign countries, mostly the US, and by UNRRA in the postwar years). Some small lots of foreign rice were imported in 1950 but prospects for 1951 are that no such imports will be required.

The taxation policy after much 'erroneous' application has now been simplified and liberalised; still, taxpayers groan. The semi-compulsory loan (winter 1949—spring 1950) has inflicted great financial sufferings on the people but it has also cost the govt much support. After protests rained on Peking the govt cancelled the further issue of this so-called victory loan and went so far as to profusely apologise to the people for the wrongs it has done; but the money has not been repaid though the holders may now take a less pessimistic view of eventual repayment.

Flight of capital, as mentioned above, has recently assumed larger proportions. No amount of surveillance can stop it and therefore the govt tries other means than reinforcing border guards. The govt is playing on the patriotism of the masses and also shows, without giving much of relevant figures to support their arguments, how strong the economy of China has grown in 1950 and how promising is the outlook for the near future—always barring certain incidents (over which, the public holds, Peking has full control as it has not yet become a prisoner of the Kremlin policy of world revolution).

Peking-Moscow Aviation Cooperation

Apart from economic penetration of the Russians in Sinkiang, where several so-called joint exploitation corporations were established after the signing of the Treaty of Alliance in Moscow, the Soviets have successively taken over the control of civil aviation in China. The 'China Civil Aviation Corp.' is fully Peking govt owned but operational management is largely in the hands of Russians many of whom were formerly in the Red Airforce during the last war. Mechanics are also frequently Russians. The purpose of this infiltration is officially explained to be the desire by the Russians to introduce efficient methods of air operations and to train an adequate number of air and ground crew (the old CNAC and CATC personnel are gradually losing their positions as the new management does not trust them,

All civil aviation between China and the USSR is Russian managed, controlled and partly owned. There are at present operating 3 Sino-Soviet airlines (owned to 50% by the Soviet state, and 50% by the Peking govt) connecting Peking with Alma Aata (via Taiyuan, Sian, Lanchow, Chinchuan, Tihua), with Irkutsk (via Kalga, Ulan Bator, capital of Mongolian People's Republic), and with Chita (via Mukden, Harbin, Tsitsihar). Besides these 3 regular lines the Soviet Airforce is also flying into China carrying certain important personnel and also supplying Peking with weapons and ammunition. The airforce of Red China, which is heavily staffed with Russian advisers, is also engaged in the hauling of military 'cargo' and the carrying of officials. The air traffic between Peking and Siberia is extremely heavy which is due mainly to the large number of non-civilian aircraft making flights.

MANCHURIA'S INDUSTRIAL SITUATION

By a Chinese Economist

In 1945 the Chinese Nationalist Government declared that Manchuria should be sub-divided into nine provinces, instead of three as was the case before the Sino-Japanese War. After the Communists secured complete control of the region, a change again took place. The North-east administrative region now consists of six provinces: Liaotung, Liaosi, Kirin, Heilungchiang, Sunchiang, Jehol. Like Sinciang on the north-west border of China, it has a currency of its own—the Northeast People's notes.

The nationalised industries in Manchuria are mostly under the control of the Ministry of Industry of the Northeast People's Government. The Ministry exercises its functions through 10 ad hoc bureaus (of coal mines, machinery, electricity, spinning and weaving, chemicals, munitions, electric equipment, building materials, metals, and light industries), and five other units which are 1) Fushun Mining Bureau, 2) Anshan Iron & Steel Corporation, 3) Penhsi Coal & Iron Corporation, 4) Dairen Chien Sin Co., 5) Northeast Scientific Research Institute.

Under the bureaus and corporations, there are over 380 factories, mines, power stations, and shipyards located mainly at Mukden, Anshan, Fushun, Penhsi, Dairen, Antung, Liaoyang, Yinkow, Kirin, Tung-hua, Changchun, Chinchow, Chinsi, Peony River, Harbin, and Tsitsihar. The 380 odd industrial units are engaged in a wide field of productive activities—including rubber manufacturing plants, porcelain works, match and sugar factories, bridge building plants. Lumber, foodstuff, and native products are, however, excluded, as they are under other ministries.

The provincial and private industries are said to have flourished after the liberation. In Sunchiang province, there are 321 workshops and factories operated by the local government. In Mukden, private interests own 420 weaving factories, 250 rubber manufacturing plants, 291 chemical works, 1,000 machinery factories, and 40 paper mills.

The total capacity of the private industries is unknown. But their investment value is said to amount to 12.5% of that of the nationalised industries. The most important individual unit is the Harbin Development Corporation, which claims to have a total asset worth 2,800 hundred million dollars NEP currency. It controls about a dozen affiliated concerns dealing in agriculture, forestry, machine-tools, porcelainware, pencils, dyestuff, and pharmaceuticals. A part of the shares is, however, in the hands of the government.

Just like in China Proper, the private industries are leaning heavily on government purchases and orders. Thus 90% of the products of the ironworks in Mukden are processed goods for account of the Anshan Iron & Steel Corporation. In 1948, 54% of the products of private factories in Harbin were processed goods. In 1949 the percent-

age rose to 60. In Changchun the government bought from the private concerns to the total value of 3,000 hundred million dollars NEP currency, and paid another 1,000 hundred million for the processing fee during the year of 1949.

We are not told who are the capitalists. But it is often emphasised that the Russians have tendered immense help. So their influence must be great in this as in all other respects.

A recent Communist report gives the following figures as the annual output of the nationalised industries.

Pig Iron	720,000 tons
Steel Ingots	540,000 tons
Steel Products	340,000 tons
Electrolytic Copper ..	4,000 tons
Electrolytic Lead	4,000 tons
Coal	17,000,000 tons
Electric Power	2,000,000 k.w. (not on annual basis)
Dynamos	6,800 (totalling 100,000 h.p.)
Cement	430,000 tons
Machine-tools	3,300
Paper	50,000 tons
Cloth	5,700,000 pcs.
Cotton Yarn	230,000 pcs.

It is further stated that the industrial output this year amounts to 43% of the total value of economic production in the North-east. Seventy-nine percent in value of the industrial output are in the nature of capital goods. The number of workers employed by the national industries rose from 160,000 in January 1949 to 400,000 in June 1950. There are about 14,000 technicians at present.

One hundred sixty thousand miners are employed in 35 coal mines scattered in 9 districts. Eleven million tons of coal were produced last year. The extraction rate is said to have been increased from 30% in 1949 to an average 85% this year.

There are twelve plants in the machinery industry with a labour force of 20,000 strong. Machine-tools, compressors, vehicles, and iron furnaces are produced 'in great quantity.' It is claimed that the output of ball and roller bearings is six times over that of last year, while the total production of the industry, during the period January-June 1950, already surpassed that of 1949 by 38%.

There are nine factories in the electrical industry. While only 70 kinds of products were turned out last year, over 300 varieties are now manufactured—including electric metres, dynamos, transformers, wires, and vacuum bulbs. It is claimed that the variety will be doubled again next year.

In the field of the chemical industry, there are eleven factories under the Bureau of Chemicals and several others in the Fushun district. It is said that the production of gasoline, benzene, lubricating oil, heavy oil, hardened oil, stearic acid, insulating paint, glycerine,

putty, caustic soda, nitric acid, sulphuric acid, and bleaching powder has now surpassed the peak reached by the puppet Manchukuo.

It is emphasised that the rate of production is much higher than it was under the Japanese administration. Thus, the steel-smelting capacity is only 25% of that of Manchukuo; yet the output is 40.2% of the highest record in the past. The spindlage is only 66%; yet the output is 143% of that reached during the puppet regime.

* * *

How far the above claims can be justified is naturally a matter for conjecture. Any evaluation with a reasonable chance of correctness requires far more technical and inside knowledge than the writer can claim to possess. It is perhaps useful to list the approximate output reached during the Japanese occupation and the state of affairs during Mr. Edwin Pauley's mission in 1946. (Although Mr. Pauley's figures have been challenged, they are the best available.) The Communists have only secured complete control of Manchuria since the end of 1948. Barely two years have passed, during which time they admittedly suffered from the same difficulties as did the Japanese—such as the shortage of raw materials and skilled labour. Thus by comparing the following figures with the claims put forward by the Communists one can probably form an opinion on the true worth of the afore-outlined report.

Probable Annual output and other Conditions under Japanese Occupation 1933-34

Pig Iron	3,000,000 tons
Steel Ingots	1,500,000 "
Coal	30,000,000 "
Cement	2,100,000 "
Lead	25,000 "
Copper	4,000 "
Zinc	20,000 "
Magnesium	6,000 "
Aluminium	18,000 "
Electric Power	3,000,000 k.w.
Spindles	550,000
Looms	9,663

Pauley's survey of damage to basic Manchurian Industry

Industry	Monetary Loss (US M.)	Percentage Reduction in Productive Capacity
Electric Power ...	201	71
Coal	100	—
Iron & Steel	141.26	51-100
Metal Working ...	150	80
Non-ferrous Mining (coal exempted)	10	75
Liquid fuel & Lubricants	11.68	65
Cement	23	50
Chemicals	14	50
Textiles	38	75
Paper & Pulp	7	30

The Communists attributed their success in the industrial field to 1) the help of the Russians, 2) the determined effort of the government, which invest-

ed to the equivalent value of 2 million tons of grain in 1949, and 5 million tons in 1950; 3) allocation of large number of experienced Party-workers to the industrial field. Over ten thousand of such workers have been transferred to Manchuria by the Communist Party. None of these reasons, however, appears sufficient to account for the claimed increase in industrial production in less than two years.

* * *

The industrial history of Manchuria under Communist control is generally divided into 3 periods:

1) Between November 1948 to July 1949 attention was mainly directed to taking-overs, liquidations, and reconstruction of the factories. Great propaganda was done to awaken the class consciousness of the workers. An equipment-contributing movement was launched among the workmen. As a result, machine-parts to the total worth of 570 hundred million dollars NEP currency were said to have been collected from the workers in Fushun alone. In this way, 191 factories were put to operation by the end of April 1949.

2) The main feature between July 1949 to February 1950 was the launching of an anti-squandering movement. Owing to the lack of administrative ability of the Party-workers, serious defects appeared in many plants. Organisation of labour did not produce the expected effect. Products were of inferior quality. Plants were not worked to their full capacity. A great number of accidents happened in the factories.

During the months July, August, September, of 1949, the Communists bent their efforts to push forward the movement. The masses were 're-educated' and the idea of cost accounting was introduced in the factories. Following this, another make-new-record movement was launched. Everyone was exalted to work harder and produce more. Each was assigned a production target which he must attain within a given period. Close supervision was exercised to ensure that everyone did his best. Titles of 'labour-heroes' were conferred upon those who created new records. A workman by the name of Chao Kuo-yu has since become famous by his feat of shortening the work of 16 hours to 50 minutes. It is said that 50,799 persons held new records between September and December 1949. Most of the records were created by intensification of labour. In 1950, emphasis was switched to improvement of technique, rationalisation of production process, and better quality of the products.

Collective contracts were initiated between the plants and the workmen to govern their relationship, the wage-scale of the workers, and the welfare-facilities provided to the labourers. Collective contracts were also made among the industries to guarantee the supply of one another's products. These greatly facilitated the control of the government.

3) The third period fell between February and June of this year. The central target was to consolidate the gains by tightening up the administrative control. A system of 'responsible production' was enacted by the Ministry of Industry. Henceforth each single item of tools and implements is in the charge of a particular individual. Security measures were taken to eliminate the numerous accidents which had not ceased to happen. Rigid procedures were set up to govern the supply of raw materials. Accounting was separated from the factory management.

Another important feature of this period was the introduction of a new wage-scale. The wages of the workmen were originally divided into 24 classes. Now they are divided into eight. Broadly it has the effect of widening the differences in wages paid to skilled and unskilled labourers. The former get more; the latter, unless they are promoted, receive considerably less. This fact is naturally not given publicity by the government.

The change was obviously introduced at the suggestion of the Russian advisers, for the new system is 'in line with the precious experience gained by the advanced Soviet economy.' Although the power of the Russian advisers is nowhere described in the Communist press, it is known to be immense. All major policies are determined by the sages from the Holyland of Communism.

According to official sources, the average monthly wage of the labourers amounted to 110 points ("Commodity-saving-units") in May, and 140 points in December, 1949. Under the new scale, average wage is 132 points in light industries and 158 points in heavy industries. Technical staff gets an average of 235 points. Apart from these, they supposedly enjoy the benefit of labour insurance, medical care, and educational services which are said to cost the government an extra eighteen, to twenty-six percent of the total payroll. One 'point' roughly equals US\$15 in Shanghai, but it is definitely much lower in the Northeast. Thus even if the figures are dependable average salary is not high.

* * *

It is interesting to compare the situation in Manchuria with that of China Proper. Before the Communists came into power in the North-east, private industries were negligible in that region. We are told that they have since flourished. Inasmuch as they are fostered by and are operating under the auspices of the government, presumably they do not create any problem in the whole economy. This is in contrast to the situation in China Proper where the private industries are kept up to maintain employment and are living a precarious existence.

The products of private industries in China Proper are mostly taken up by the government, which seems to have difficulty in their final disposal. Since reportedly 79% of the industrial output in Manchuria are in the nature of capi-

tal goods, the situation should be different. Yet in one respect the problem is the same. The quality of the products seems to have deteriorated everywhere as a result of the Communist drive to produce more. The question of wasteful production (i.e. products being unusable owing to their inferior quality) is foremost in current discussions among the Communists. This applies to both the producers' and consumers' goods—it is reported that local-made articles are not liked by the public in the North-east.

The counter-measures taken by the Communists are along the following lines: 1) standardisation of products, 2) strict enforcement of regulations governing the work of the technical staff, 3) system of personal responsibility in the quality of the products, 4) close on-the-spot supervision and better repair facilities, 5) special reward for technical improvement and higher quality of the products.

The lack of technical staff is peculiarly serious in the North-east. As is known, many university graduates have been attracted to go to Manchuria. It is planned to open 3 technical colleges in 1951 to enroll 2,760 students each term. Also there will be 14 vocational schools capable of accommodating 7,200 students in 1951. Opening shorter apprentice courses is reported to be under consideration for the benefit of the factory workers.

Another difficulty acutely felt in Manchuria is the lack of co-ordinated plans among the related factories. Thus it is said that production in one plant often has to be held up pending new supply of raw materials. There are two possible causes for this. The first is the chronic shortage of some raw materials in Manchuria—such as coking coal and raw cotton. We do not know how much is the share of coking coal in the 17,000,000 tons reportedly produced this year, but the coal resources in Manchuria are known to be of low quality. The need for raw cotton in the North-east is at present small; probably there is no shortage in this. The second reason is that the Communists, in their eternal drive to produce more, have always proceeded with the production regardless of the over-all conditions. In this way, they get more of both goods and waste. It is, however, different from the condition in China proper, where no planned economy is at all in sight.

Lowering the cost is another slogan of the Communists. What they have in mind is chiefly how to make the workers sweat to the limit of human endurance. They naively believe that there lies the solution of every difficulty—from the unmarketability of the finished products to the industrialisation of China. Thus there is a lot of talk on how to change the wage system to piece-work basis. It is pointed out that this will greatly increase the productivity of labour. Propaganda seems underway in the North-east to impress upon the workmen the advantages of such a system. Even the technical staff, it is suggested, should be subject to special rewards on top of the fixed salaries,

ORGANIZATION OF INVESTMENT COMPANIES IN COMMUNIST CHINA

It may seem an anomalous development that in China today, which is under a Communist Government openly dedicated to the ultimate socialization of the country, that the organization of investment companies is not only tolerated, but actually officially encouraged. The first step towards this development has been taken in Peking with the inauguration on September 1, 1950, of the first investment corporation operated on modern lines.

This development should provide no cause for surprise. For apart from the official assurances that the process of final socialization in China must necessarily take a long time, and that the present stage of New Democracy allows the continued existence and development of private capital, there remains the fact that China is industrially and generally in economic respect very backward. The Chinese people are generally impoverished and the national wealth is negligible as a whole, yet in the larger cities like Shanghai, there is still considerable idle capital previously used for speculative transactions. The outlet for such idle capital and for new accumulation of wealth may be found in investment companies particularly if they provide for the development of manufacturing.

As early as December 1949, Shanghai's banks already mooted the idea of the organization of investment companies. But the financial and price situations at that time were far from stabilized, and the idea, though perfectly sound in theory, was impractical. The Shanghai banks, including the State operated and the private ones, had meanwhile organized a joint lending organization, the capital of which was gradually increased to JMP\$54 billion. There was a school of thought then that the intended functions of the proposed investment corporations should be taken care of, partly if not wholly, by this consortium. The basic difference between a consortium which is concerned with short term credit, and as investment company principally

dedicated to long term investments, did not come up for careful distinction at the time.

The idea of the promotion of investment companies was next put up in a more concrete manner in May 1950, when the Directors of the Bureaux of Industry and Commerce of China's seven leading cities met in conference in Peking, and recommended this form of financial organization as a measure for the promotion of economic rehabilitation. At the first National Conference of China's Banking Industry in Peking in August 1950, the matter was given official approval by a body of bankers who were the most qualified to decide on such an issue. Agreement has been reached at that meeting for the promotion of an investment company as an instrument for the speeding up of the economic recovery and the industrialization of the nation. Governor Nan Han-chen of the People's Bank of China reported to the Government Administration Council (the Cabinet) later, "both the State and private banks were agreed in their readiness to promote the organization of investment companies, to provide facilities for the investments in, and the issuance of long term credits to industry and trade".

The Banking Conference also decided on the scope of activities of the proposed investment company. Basic activities include investments in, and the floating and underwriting of stocks and debentures of, industries considered beneficial to the interests of the State and the people, issuance of investment stocks of small denominational value, and matters connected with the negotiation of stocks and the custody of funds and assets of enterprises involved.

* * *

On September 1, 1950, the first investment corporation the Hsin Yeh Joint Stock Investment Company, Ltd. was organized. Later the Thentsin Municipal Investment Corporation was inaugurated. On September 29, 1950, a meeting of Shanghai's industrial, business and banking circles decided on plans for the formation of an investment company.

The Corporation in Peking, though in no way formidable in its capitalization or in the scope of its projected operations, is nevertheless worthy of some attention by virtue of being the first of its kind to be established in the country, and serving also as a blue print for future organizations. Plans for the organization of the Peking company were first considered in April, 1950. By that time, the basic conditions necessary for successful launching seemed available, namely, stabilized currency, interest rates, and capability of enterprises to operate with a profit.

The only major obstacle lay in the fact that the new Government had not promulgated a Company Law nor regulations governing capital investments. The Finance - Economic Committee of the Government Administration Council on July 15, 1950, issued a directive on the question of limited liability of private industries which served as provisional regulations for such companies. The directive upheld the limited obligations of shareholders in enterprises registered with the authorities. This enabled the project for the organization of the Peking investment corporation to be carried through.

The organization, known as the Peking Municipality Hsin Yeh Joint Stock Investment Company, Limited, was formed with a nominal capital of JMP120 billion divided into 200,000 shares of JMP\$100,000 each. The Peking Municipal Branch of the People's Bank of China subscribed 30 per cent of the stock, the contribution being considered the State share of the ownership of the company, with the remaining 70 per cent of the stock open to public subscription. In the initial stage, only half the shares, namely, 100,000 and amounting to JMP\$10 billion in value were issued, with the People's Bank taking up its own half of the allotment, that is to say, 30,000 shares, amounting to JMP\$3,000,000,000. The period of operations of the Company was fixed at 30 years, to be extended if so voted by the Meeting of Shareholders in due course.

The functions of the Company, according to its Articles of Association, include the following:

- (1) Investments in industrial, mining and communications enterprises which are beneficial to the interests of the State and the livelihood of the people;
- (2) Underwriting of company debentures of such enterprises;
- (3) Floating and underwriting of Company Stocks and Debentures;
- (4) Custody of the sinking funds of enterprises whose stocks and debentures are subscribed to or underwritten; and
- (5) The buying and selling of securities.

The functions of the Company had been decided upon by the organizers with special consideration of the actual economic conditions prevailing in Peking, and they may serve generally as a guide for similar investment companies in other parts of the country. The inaugural meeting of the Company was held on August 28, 1950, following the full subscription to the first half of its capital. At the meeting, 23 Directors (16 representing the private shareholders and 7 representing the State owned shares) and 5 Super-

which could then be cut down. It is interesting to hear that the trade unions can help to carry it through because their duty is to make the workmen adhere strictly to discipline.

Another event of considerable importance is the issuance by the government of the second instalment of Productive Construction Bonds on November 3, 1950. The total amount is 13,000,000 points. The sale will be limited to the cities, and will be conducted strictly on 'voluntary basis.' It is stipulated, however, that the rich and the reactionaries who do not want to buy will be dealt with severely. Although the event is of a general nature, it will not fail to affect the industrial conditions and the workmen's incomes very appreciably.

visors (3 of whom represented the private shareholders) were elected (the State representatives being designated by the People's Bank of China). On August 29, 1950, the Directors and Supervisors held their first joint meeting, when a Standing Committee of 7 Directors was elected and the General Manager and Assistant General Manager appointed. The Company officially started operations on September 1.

In the period of two months since its opening, the Peking investment company invested in the "Peking Knitting, Weaving and Finishing Company, Limited", a new industrial plant established jointly by the Investment Company and the members of the knitting industry in Peking. The newly organized knitting and weaving works would, in the early stage of its operation, undertake reprocessing jobs for the individual knitting works in the city, most of whom are also shareholders. The capital of the knitting works was JMP\$1,500,000,000, two thirds of which was invested by the Investment Company. The plant is under construction.

The Investment Company has further invested a sum of JMP \$1,000,000,000 in the China Scientific Industries, a recently organized enterprise engaged mainly in the production of scientific instruments and chemicals. Lack of adequate capital so far has impeded its development.

The Investment is also engaged in plans for the establishment in Peking of a cotton mill with 10,000 to 20,000 spindles, a size which is considered capable of being supported by Peking's population of 2,000,000, and for which the supply of cotton will present no difficulties. This will be the first cotton mill in Peking.

The Investment Company has also given an undertaking to the owner of a dairy farm in Peking to provide the needed funds for the establishment of a food processing works which the dairy farm operator is planning to build.

Meanwhile, various industrial plants in the Capital have undertaken preliminary negotiations with the Company for investments and many are already beginning to introduce such necessary improvements and reforms in their organization so as to provide the qualifications stipulated by the Company before investments can be made.

The Company proposes to open the subscription list to the second half of its gross capital in December. The capital already subscribed to, apart from the State's share, came principally from the banking and industrial circles in Peking and Tientsin, and it is hoped that other circles may now be induced to participate in the enterprise. Overseas Chinese are especially sought.

Of the first subscribers to the capital of the Company, there was the case of one Chinese resident in San Francisco, who subscribed 150 shares (JMP\$15,000,000).

The investment company planned for Shanghai naturally provides the greatest interest inasmuch as Shanghai has always been the financial centre of the nation, with the largest amount of funds available for floating of such a project, and with the biggest number of prospective objectives in which an Investment Company may use its funds. In the matter of providing the needed funds to enable the operation of the investment company the Shanghai sponsors have come to the conclusion that while the projected corporation must necessarily possess itself adequate capitalization for investments, particularly in the early stages of its operation, it is of greater importance that the company be so organized and managed that it will be capable of undertaking the tasks of floating capital for new companies, underwriting of shares and debentures of industrial enterprises and also to issue its own debentures as a ready means for the collection of capital from prospective investors with smaller amounts at their disposal. To facilitate these developments, it has been suggested that some provision be made in the Company's articles of association to provide guaranteed interest payments on the Company's own shares and to holders of its own debentures.

Another important point is the realization that the successful development of an investment company will be facilitated by the circulation of company stocks and debentures of enterprises of established integrity. In Peking and Tientsin the Stock Exchange has been reopened, albeit only a limited number of stocks are listed for official trading. It is hoped that the Shanghai Stock Exchange may also be resumed, and in the event that this step cannot be realized in the near future, it is proposed that the projected investment company should be authorized to undertake the buying and selling of stocks, in other words, act as a sort of temporary stock exchange.

An important consideration is the relationship and conflict of interests between the projected investment company and the banking industry. The banks being primarily concerned with short term credits to industry and trade, the investment company's chief concern is with long term investments. The stimulation given industrial development by the operations of the investment company should then promote industrial and commercial activities, and these will directly have a bearing on the operations of the banks. This in turn will enable more funds to be made available to the investment company for its continued and expanding operations.

Within a short while the Shanghai investment corporation will be organized and start its activities. There is of course much opposition among private businessmen to the organization of this corporation just as was the case in Peking. But public opinion does not make itself audible these days — the control of the press and radio has been fully achieved by the communist regime.

The State, that is the Communist Party, is slowly taking over the management of old and new private firms; the establishment of investment companies is another means to exercise control through centralisation of capital and credit in the hands of the State. This is being realised by merchants and industrialists but their objections are ineffective besides few businessmen dare voice their opinions if they anticipate official disapproval. Subtle methods are being employed by the Communist Party to make recalcitrant businessmen see the error of their opposing views; but often the Party sees fit to use strong-arm methods when it comes up against more determined persons.

The organisation of investment companies in China, all controlled and partly capitalised by the State, is now in full swing and will soon exert profound influence on the private industry of the country. It is, in the period of 'New Democracy', one of the most effective means to control private enterprises' policy, operations and future. New industrial ventures if financed by private capital will all come, sooner or later, under State control unless the manufacturers can stay independent and remain financially strong. That this will not come to pass other organs of the State will look to and the manufacturers will, by devious methods, be compelled to take up loans from State banks or otherwise admit capital provided by an investment company.

It is doubtful whether private capital will be forthcoming to any large extent, but where the will is weak some 'persuasion' of the communist type may achieve wonders. It is a different matter with overseas Chinese — and it is precisely these people whose money the Communist Party is after. Except for Chinese who may return home and settle there for good, very few enthusiasts abroad will invest their savings in China of today, irrespective of the security offered. The bona fides of the Peking government in financial and general economic affairs, as far as the private investor and businessman are concerned, has so far not been established and the latest efforts of that government to meddle in international affairs and to follow a foreign policy as drafted by Moscow cannot but inspire distrust in the ultimate designs of the Chinese Communist Party and in all its corporations, financial, industrial and otherwise.

Economic Report from Taiwan

Foreign Trade:—The Bank of Taiwan might issue an order suspending the sale of foreign exchange for imports from Japan. In connection with the above, the shortage of funds held by Taiwan in Japan was recently brought to the fore by the transfer of Taiwan's deposit in Manila totalling US\$3.4 million to Japan. This shortage has occasioned the local discussion of whether to impose quotas on Japanese goods entering Taiwan.

Banking and Finance:—Although the Bank of Taiwan is due to recall the extra note issue of NTY50 million which had been issued under the provision that this currency was to remain in circulation for only 3 months from the time it was introduced, it was decided to recall only a total of NTY14 million (representing NTY10 million for sugar collection and NTY4 million for peanut collection) before the end of October. However, this latter amount is to be used by the Provincial Government for rice collection, and its recall, together with NTY6 million for wheat and sweet potato collection and NTY5 million for coal collection, is postponed for 2 months.

The regular Provincial note issue (excluding the above extra note issue) was reduced to a total of NTY176.6 million by October 27, marking a re-

duction of NTY3.3 million in one week. (The total authorized amount of New Taiwan Yuan under the June 1949 currency reforms is NTY200 million).

Despite the continued contraction of local credit there was no change in the rate for US dollar notes or in the official price of foreign exchange certificates, both of which remained at NTY 10.25 to US\$1. Also, the price of exchange certificates on the open market dropped to NTY10.40 to US\$1 as compared to a rate of NTY10.55 of a week ago.

Gold Prices: The official price for gold, which for both buying and selling had been NTY336 per Taiwan tael (1.20505 troy ounces), was raised October 30 to NTY468 (buying rate) and NTY492 (selling rate), thus approximating the current open market price of NTY490 per tael. Simultaneously with this increase, the compulsory purchase of patriotic bonds coupled to buying gold from the Bank of Taiwan is abolished.

Commodity Prices:—Open market prices of flour, beef, and coal remained unchanged. Pork prices, however, had increased to NTY8.00 per catty as compared to a price of NTY7.20 per catty of a week ago. Rice (70 percent polished) was selling at NTY0.68 per catty.

Technical Improvement

The conditions obtaining in Taiwan are favourable to agricultural development. However, due to the ravages of the war, the production of rice, sugarcane, tea and other farm produce was reduced in postwar years. The cooperative farms were set up with the aim of correcting this defect, and by gradually introducing improved techniques for enlarged agricultural production. By quickening the socialisation of farmers' organisation, it is hoped to inaugurate a general movement for rural revival and reconstruction.

The Taiwan Cooperative Bureau has decided to introduce the joint use of farm machinery in the larger cooperative farms. The Bureau also supplies farm implements to the cooperatives and also installs rice milling, oil pressing, flour milling and other kinds of machinery on behalf of these farms. Technical advice and assistance in the operation of these machines are given freely. In this way the technical improvement of the cooperatives makes headway.

The members of the cooperatives are taught economical methods in the essentials of farming and marketing. These include sowing, harvesting, storage, transportation and irrigation.

Farm Production

A large part of the land cultivated by the Taiwan cooperative farms is waste and unproductive. However, through improved farming technique and intensive cooperative efforts, the land has been made to yield more crops than formerly. The present aggregate output of the farms consists of 50,000 tons of paddy, 100,000 tons of sugarcane and 40,000 tons of groundnuts and miscellaneous agricultural products. Total production last year showed an increase of 25 percent as compared with 1943, and 100 percent as compared with before the organisation of the farms.

Other productive activities include the erection of more than 100 pigsties and cow sheds, 48 rice mills, ropemaking factories and other establishments. In addition irrigation works have been repaired or built, and over 10,000 metres of embankment constructed.

In view of the fact that cooperative farms are still in their early stage of experiment in Taiwan, the progress so far is giving satisfaction to the sponsors.

Assuming the minimum rent, that is one quarter of the value of the crops, on the basis of the 1950 prices of paddy and sugarcane, the revenue of the government from cooperative farms rents for the first and second half of this year should amount to about 25 million new Taiwan currency, equivalent to one-seventh of the total government expenditure in 1950. However, this has not turned out as expected.

The cooperative farms now in operation have a total acreage of one-tenth of all the public land in the province. From these farms the government is estimated to be able to collect a minimum of 20 million new Taiwan currency in rents per year.

COOPERATIVE FARMS OF TAIWAN

The cooperative farms of Taiwan represent a new progressive enterprise inaugurated after the liberation of the island from the Japanese. The aims behind the setting up of these farms are the reform of land distribution and the socialisation of rural organisation. This policy differed from that pursued in the time of the Japanese regime when land was commandeered or confiscated. After the liberation all land was returned to the owners or leased to farmers. From a part of this land cooperative farms were established in order to eliminate the middleman.

Taiwan's economic wealth is built completely on farm production and the most important farm products—general foodstuffs and sugarcane—take up practically all the 800,000 hectares of the island's farmland and give sustenance to a 3 million farm population. Under the commandeering of land during the Japanese rule and under the harsh system of the leasing of land whereby the landowners obtained 60% and the farmers 40% of the crops, the farmers were victimised.

After the liberation all Japanese public and private land was confiscated by the government and leased directly to farmers who possessed no land. A provision was made requiring all farm lots exceeding 300 mow to be leased for organisation into cooperative farms. The directors and supervisors of these farms were to be elected by a democratic system, and as well-organised bodies these farms were to strive

for increased production and the ultimate possession of the land. In addition to a nine-year lease contract, the guarantee was further given that the rent should not exceed one quarter of the value of the major crops. After the confiscated land was turned over to the people, the livelihood of the farmers improved.

There are today 170 cooperative farms in Taiwan, of which one half are located in the southern part of the island and the other half in the rest of the province. Nine are Class A and 161 Class B farms, with a total of 19,413 families consisting of 136,092 persons, of whom about one half are capable of doing farm work.

In less than two years, the livelihood of the members of these cooperative farms has greatly improved and the farmers have become independent persons with small savings. Records from a few of the farms picked from widely separated areas show that on the basis of the present common property, each member owns an average share of more than 4,000 new Taiwan currency. Farmers at present without land to till and hired farm labourers are step by step brought into the fold of the cooperative organisation. Subsidiary farm occupations are encouraged to increase the farmers' earning power and better their economic conditions. Through this moderate and progressive form of land reform, the 3 million farmers of Taiwan will be gradually assured of a minimum standard of living.

ECONOMIC CONDITIONS IN OKINAWA

The island group of the Ryukyus is coming more into the economic picture of the Far East as rehabilitation is progressing under US military administration. The largest island is Okinawa which also serves as HQ for the military govt. The economic potentialities of Okinawa are naturally limited as the population totals only some 650,000 (of Japanese stock).

These people are in every respect backward and their adjustment to modern living conditions will only slowly develop. The Chinese, both 'blue' and 'red' have shown some ambition to wrest Okinawa from US control and to prevent the reincorporation of the Ryukyus into Japan. Their motivation was first of all to weaken the 'traditional enemy' of China, Japan, and to gain prestige as a world power by venturing into the Western Pacific. However, the natives would resist the occupation of their island by the Chinese whose reputation is, especially after the bad exploitation record of Taiwan, very low. With the present US military govt. the natives are satisfied; it is here as in so many other Pacific islands that Uncle Sam shares out the ample gifts an industrial nation can afford to give away. But in due course some agitation for independence, possibly union with Japan, will be heard. Meanwhile the US is civilising Okinawa in its own inimitable way which is not exactly what other 'imperialist' nations would do nor approve of.

The capital is Naha which also is the principal port (ships and aircraft). Foreigners are mostly concentrated in Naha but there are as far as military personnel is concerned larger numbers in other places of Okinawa. Present

estimates of foreigners in Naha: 25,000 military personnel, 1800 civilians employed by the Army, 400 civilians employed by the Air Force, 900 to 1000 civilians (all US citizens) connected with construction jobs, 60 merchants (so-called commercial entrants) from various countries mostly US. 120 Chinese practically all employed by the Army PX enterprises (managed by Charlie Shon), and some 50 to 100 Japanese who are employed on construction jobs. Civilians employed by the US authorities receive 25% above military payrolls thus making the lowest annual salary US\$ 4000. Air transport is adequately provided by Northwest Airlines and Pan American Airways (both US firms). Shipping services are also adequate to the needs of passenger and cargo traffic.

The usual amenities of life as Europeans take them for granted do not generally exist in Okinawa though the US military has built a lot and is taking good care of all civilians. A new hotel is planned to be erected soon comprising 65 rooms, located in the centre of Naha (Chester Clarke of Manila having promoted this hotel). Civilians enter Okinawa for a definite term of service, army personnel had an 18 months, are going to have a 24 months tour of duty. Consumer goods are available both through the PX (Post Exchange) and from the open market which is supplied by merchants. Generally, stocks are low or non-existent but of late the situation has improved and goods are now more and more stocked up.

The US military govt. is expected to spend some US\$ 200 million for reconstruction works and another US\$

30 m. will be spent from GARIOA funds. Construction now going on is tremendous. Military activity, both for defence (better say for preparing the defence position of the US in the Pacific) and for peacetime construction, is of a very high order which is striking every visitor as spectacular. During the period of Japanese domination Okinawa was a very important 'unsinkable aircraft carrier' and it has remained so since the US, after a very bitter fight in the ending stages of the war, took possession. In the future Okinawa will play a significant role if and when war in the Pacific breaks out again; strategists are of the opinion that the possession of Okinawa together with bases on Japan will enable the US to exercise effective control over the sea and air approaches to China and thus to determine the outcome of an armed conflict from the outset.

Merchants find it difficult to enter Okinawa as 'commercial entrants' are restricted. The policy of the military govt. is in principle sound but in practice much injustice is wrought. The imposition of an income tax is now considered which is, seeing the huge profits made by traders, very soon to come to pass. Business is booming and the few trading houses in Naha are cashing in. Most firms are handling more than they can afford to, their staff being too small for the scope and volume of business. The only bank in Okinawa is the American Express whose depositors are usually transferring their savings and other earnings to a large percentage back home.

Army personnel whose morale is anything but high desire to leave the island after a short term of service, considering the place as dull; often the men are cast-offs from other commands.

Economic Developments in the Philippines

Business concerns in the Philippines dismissed 1,056 laborers and other employees between April and the end of August, according to a Department of Labor report on unemployment resulting from the imposition of import controls. Approximately 300 persons, reportedly, are being laid off monthly. The National Development Co., a Government agency, recently announced that it had hired a large number of additional employees since July 1, to alleviate unemployment.

The country's foreign-exchange position at the end of August, with dollar reserves standing at \$269,154-845, was the most favorable since the imposition of exchange controls in December 1949, according to the Central Bank. Higher prices for export commodities, such as copra, coconut oil, sugar, and abaca contributed to the increased dollar accumulation.

Alien flour importers long in business in the Philippines won the right in August to continue importing flour

through allocations based on traditional quotas. On August 3 the President overruled a former decision of the Philippine Relief and Trade Rehabilitation Administration and the Wheat Flour Board to adopt a policy of nationalizing the flour import trade by granting allocations first to old and new Filipino importers, and the remainder if any to aliens. The Presidential ruling directed that Filipinos be given priority treatment only with respect to new quotas and that alien flour merchants be given a fair share of the trade.

Sixteen tax measures passed by Congress during its special session in August were expected to yield 95,000,000 pesos of additional revenue. To reduce a serious budget deficit of about 396,000,000 pesos, the Budget Commissioner maintained in a statement issued on August 24 that the increases in taxes and an intensified drive on 'collections, supplemented by further borrowing, were essential.

A contract to supply equipment for the Maria Cristina hydroelectric and fertilizer plant in Lanao Province, Mindanao, was awarded to an American firm. Complete delivery of equipment was promised in 360 days from the date of the contract, August 30.

During the first 7 months of 1950 a total of 387,775 long tons of coconut products, in terms of copra, were exported, representing an increase of about 2,000 long tons over the corresponding period of 1949. Consequent to the revival of American buying interest as a result of the Korean war, Manila copra prices at the end of August had advanced nearly 35 percent over quotations in June 1950.

Agriculture

Centrifugal sugar output from the 1949-50 crop reached 668,000 short tons as of August 20. It was estimated that the total crop would not exceed 680,000 short tons, compared with 729,000 last year. Prices of export sugar declined slightly in August.

Production of abaca in the first 7 months of the year totaled 419,001 bales, whereas exports were 393,166 bales, an increase of 30 percent in both output and exports over the corresponding 1949 period. (1 bale=126.5 kilograms.) The abaca market also reacted significantly to the Korean incident; the price of best grade Davao fiber advanced as much as 35 percent early in August, although it receded somewhat at the close of the month.

Prices of Isabela leaf tobacco in August remained at only slightly less than the preceding month's level. Reduced imports of leaf tobacco through import-control restrictions were believed responsible for maintaining prices, contrary to expectations.

Rice continued in good supply during the month and prices were fairly low, although somewhat higher than in July. Continuous heavy rains inundated the Philippine rice bowl in central Luzon in mid-August, but at the end of the month it appeared that flood damage was not excessive. Preliminary private estimates of the 1950-51 crop indicate a potential production of 65,000,000 cavans of paddy (1 cavan of unhulled rice=97 pounds) from a total acreage of 2,400,000 hectares (1 hectare=2.471 acres). Continued unrest and uprisings in the central Luzon area may prevent realization of the full potential harvest.

Copra and Coconut Oil Exports

Exports of copra and coconut oil from the Philippines in August amounted to 93,044 long tons, copra equivalent, 32 percent more than in August 1949. This represented the largest monthly shipment since January 1948.

August exports brought the total for the 8 months to 378,000 tons, copra equivalent, a gain of 8 percent over January-August 1949. Through August, the United States had been consigned 314,000 tons of copra and coconut oil, copra basis, 72 percent of the total, as against 264,000 tons, 64 percent, in January-August 1949.

Copra production in the first half of 1950 was slightly above corresponding 1949 levels but not as great as expected. However, the normal seasonal increase occurred after June, and the unusually heavy harvest in July and August portended a more favorable output in the remaining months of 1950. It is possible that 1950 production (including desiccated coconut manufacture), may reach 875,000 long tons in terms of copra, as compared with 830,000 tons in 1949, 826,000 tons in 1948, and the all-time record of 1,122,000 tons in 1947.

Although 1950 output will be above 1949, there may not be a proportionate increase in exports as Philippine consumption of coconut oil in 1950 is forecast at about 70,000 long tons, compared with 62,000 tons in 1949. Desiccated-coconut manufacture for export has also required more nuts than in 1949. Nevertheless, the United States will take a larger quantity than 457,000 tons, copra equivalent, in 1949.

HONGKONG TRADE REPORT FOR OCTOBER 1950

The trade figures for October with imports at \$368.5 millions and exports at \$432.8 millions show an even larger favorable balance—\$64.3 millions—than the record figure of \$53.8 millions for July, 1950. Imports were up by 2.7% and exports by 7.3%; the total visible trade at \$801.3 million having increased by 5.1%.

Although total trade with China remained almost unchanged, imports fell by \$20.2 millions whilst exports increased by \$22.3 millions. Figures for China and Macao are shown in millions of dollars below, September figures being given in brackets:—

	Imports	Exports	Total
China, N.	32.0 (29.5)	90.5 (74.2)	122.5 (103.7)
China, M.	17.1 (25.2)	41.5 (33.3)	58.6 (58.5)
China, S.	40.1 (54.7)	64.2 (66.4)	104.3 (121.1)
Macao	8.5 (9.3)	12.8 (14.9)	21.3 (24.2)
Total	97.7 (118.7)	209.0 (188.8)	306.7 (307.5)

The increase in imports from North China was largely attributable to oil-seeds, nuts and kernels; textile fabrics; and the curious item, "intestines, stomachs and bladders of animals for use as food containers," the value of

which was \$1.3 millions. Exports of raw rubber increased from \$7.3 millions to \$28.7 millions; sugar from \$7 millions to \$15.3 millions; pharmaceutical products from \$9 millions to \$10.4 millions, and non-electrical machinery from \$1.9 millions to \$3.1 millions. There were decreases in raw cotton; from \$17.1 millions to \$3.3 millions, and dyeing and tanning materials; from \$4.7 millions to \$3.5 millions.

Imports of sugar from Middle China (including Formosa) fell from \$18.7 millions to \$9.6 millions. Exports to that area showed an increase of \$8.3 millions, notably textile fabrics up by \$1.7 millions; and yarns and threads up by \$1 million.

There were decreases in both imports from, and exports to South China. Imports of wood oil fell by \$7.9 millions; textile fabrics by \$2.6 millions; pigs' and boars' bristles by \$1.6 millions; yarns and threads by \$1.3 millions; and white rice, by \$1.1 millions. The largest export decreases were raw rubber down by \$11.6 millions; pharmaceutical products \$3.1 millions; and sugar \$1.6 millions. It is interesting to note that during the month, wolframite, tin, and

Copra and Coconut Oil Exports, January—August 1949 and 1950 (Long tons)

Item and country	January-August 1950	1949
Copra:		
United States ..	260,968	212,864
Belgium	17,979	2,350
Venezuela	16,870	1,133
Japan	14,657	6,075
Netherlands ...	13,950	4,850
Italy	13,200	9,210
Canada	13,600	7,150
Norway	9,000	8,000
Israel	5,000	—
Others	12,961	99,912
Total	1,378,185	1,351,544

Coconut oil:		
United States ..	33,317	32,246
Union of South Africa	1,286	503
Others	1,356	7,780
Total	2 35,959	2 40,529

Total, copra equivalent:		
United States ..	313,852	264,048
Others	121,411	151,828
Total	3 435,263	3 415,876

1 To U.S., 69 percent in 1950 and 60.6 percent in 1949.

2 To U.S., 92.7 percent in 1950 and 79.6 percent in 1949.

3 To U.S., 72.1 percent in 1950 and 63.5 percent in 1949.

Trade News

At a conference between Secretary of Commerce Balmaceda and Manila businessmen, it was agreed that 18 trade advisory groups, each composed

of 5 members, would be formed for consultation with the Government concerning imports. The commodity groups selected were: Milk, fish, other foodstuffs, steel and hardware, other building materials, drugs and pharmaceuticals, industrial chemicals, agricultural chemicals, leather and shoe materials, machinery and industrial supplies, paper and printing items, textiles, threads, electrical equipment and appliances, petroleum products, tires and tubes, and automotive equipment. Export trade advisory groups also are being considered for abaca, copra, and tobacco.

Imports of paints, pigments, and varnishes decreased sharply in the first 6 months of 1950 from those in the corresponding period of 1949. Totals were 2,100,000 and \$3,650,000, respectively. The Philippines is a leading importer of United States paint products.

Imports of chemicals (not including fertilizers), drugs, dyes, and medicines in the first half of 1950 were valued at \$9,500,000, compared with \$9,400,000 in the first 6 months of 1949. Imports of fertilizer increased in value to \$3,900,000 from \$2,900,000 in the first half of 1949.

Philippine imports of fish and fish products in the first 6 months of 1950 were valued at 6,500,000 pesos, compared with 17,100,000 pesos in the corresponding period of 1949. The increased domestic catch was said to be the principal cause of this decline of 62 percent.

The Philippine Import Control Commissioner on September 27, 1950, licensed importation of 1,000,000 pesos' worth of milk to relieve the acute shortage.

antimony ore, all of Chinese origin, to the values of \$10.2 millions, \$4.4 millions, and \$3.0 millions respectively were exported from the Colony to Canton (representing cargo of the National Resources Commission of the former KMT Govt. now probably redirected for export to Russia).

Figures for trade with China and Macao for the first ten months of 1950 in millions of dollars with comparison for the same period of 1949 in brackets are as follows:—

	Imports	Exports	Balance
China, N.	294.3(179.4)	481.8(168.5)	187.5(- 10.9)
China, M.	98.6(43.7)	304.9(91.2)	206.3(47.5)
China, S.	280.7(286.0)	298.6(111.2)	17.9(-174.5)
Macao	84.2(65.6)	178.0(204.0)	93.8(138.4)
Total	757.2(574.7)	1263.3(574.9)	506.5(0.2)

Figures in millions of dollars for trade during October with specific localities of China or by specific routes are as follows (last month's figures are shown in brackets):—

	Imports	Exports
Formosa	12.3 (17.3)	30.0 (21.9)
South China (by land)	21.4 (33.7)	56.3 (64.2)
Shanghai (by rail)	2.5 (0.9)	5.4 (4.2)
Shanghai (by sea)	6.6 (9.7)	7.5 (5.5)
Hainan	0.2 (0.3)	0.05(0.03)

United Kingdom

Imports showed a drop of \$6.3 millions, the chief items affected being textile fabrics; non-electrical machinery; and sugar; but pharmaceutical products were up by \$1.4 millions. Exports of wood oil fell by \$2.0 millions and teased oil by nearly \$1 million.

Figures for the Colony's trade during the year with the United Kingdom in millions of dollars are as follows (figures for the corresponding period of 1949 in brackets):—

	Imports	Exports	Balance
January	46.8(22.2)	7.8(17.3)	39.0(4.9)
February	34.2(24.8)	13.7(9.5)	20.5(15.3)
March	35.8(29.7)	12.5(16.0)	23.3(13.7)
April	35.5(26.3)	17.2(7.8)	18.3(18.5)
May	36.4(49.0)	25.7(18.6)	10.7(30.4)
June	27.8(25.8)	21.0(11.7)	6.8(14.1)
July	33.1(27.0)	10.6(11.6)	22.5(15.4)
August	27.5(30.1)	12.7(8.7)	14.8(21.4)
September	32.9(33.6)	11.9(11.1)	21.0(22.5)
October	26.6(34.8)	8.1(11.4)	18.5(23.4)
Total	336.6(308.8)	141.2(118.7)	195.4(184.6)

The heavy adverse balance is noteworthy.

Main imports from and exports to the United Kingdom for the first ten months (in millions of dollars) with comparison for the same period of 1949 were:—

Imports	1st Ten Months 1950	1949
Textile fabrics	45.3	54.7
Chemical elements & compounds; pharmaceutical products	84.4	16.7
Electrical machinery	27.0	28.9
Yarns and threads	24.7	30.3
Non-electrical machinery	23.7	18.6
Vehicles	22.5	22.9
Iron and steel	22.2	12.6
Tobacco	14.0	16.3

HONGKONG'S TRADE FOR OCTOBER AND FOR THE FIRST TEN MONTHS OF 1950

TOTAL VALUES OF IMPORTS & EXPORTS BY COUNTRIES FOR THE MONTH OF OCTOBER

Countries	IMPORTS		EXPORTS	
	October 1950	October 1949	October 1950	October 1949
	\$	\$	\$	\$
MERCHANDISE				
United Kingdom	26,601,870	34,320,763	8,108,693	11,393,996
Australia	5,910,074	6,384,410	4,390,017	3,362,398
Canada	4,520,110	2,688,630	1,075,275	932,319
Ceylon	306,553	53,793	1,116,021	156,385
East Africa	425,926	435,116	1,134,855	856,133
India	8,183,118	16,367,974	2,779,749	2,509,049
Malaya	54,205,950	14,315,778	65,546,170	20,900,238
New Zealand	149,962	365,117	486,182	194,152
North Borneo	458,894	644,035	1,545,285	838,738
Pakistan	6,829,329	3,898,401	11,317,063	749,367
South Africa	1,009,116	2,881,971	2,090,376	391,427
West Africa	—	1,553	1,022,216	477,684
West Indies	—	—	823,707	544,464
Br. Commonwealth, Other	2,030,135	11,250,323	1,394,661	777,646
Austria	188,874	426,264	817	—
Belgium	332,290	1,929,664	2,398,526	355,461
Burma	4,488,347	69,217	981,914	1,339,673
Central America	253,229	272,031	1,199,385	621,956
China, North	31,995,084	39,863,140	90,499,996	27,680,115
" Middle	17,066,207	6,917,924	41,543,286	14,454,273
" South	40,137,202	22,095,107	64,207,812	10,067,095
Czechoslovakia	717,877	600,541	—	—
Denmark	349,589	273,243	337,936	429,644
Egypt	—	50,599	1,188,303	210,055
Finland	161,877	244,244	27,200	—
France	3,001,951	1,706,998	1,736,670	1,109,863
French Indochina	1,716,835	976,458	1,735,696	1,351,188
Germany	4,295,671	1,538,611	6,292,880	347,324
Holland	4,956,159	4,489,773	3,171,447	2,451,059
Iraq	—	—	9,125	22,178
Italy	4,392,211	3,310,242	4,484,887	410,080
Japan	49,781,487	2,822,481	16,283,279	3,120,397
Korea (North)	—	4,317,625	—	4,356,232
Korea (South)	96,667	2,857,269	—	7,422,205
Macao	8,462,469	4,945,363	12,750,886	29,749,924
Norway	592,192	1,866,946	508,598	319,735
Oman	—	3,770	65,998	76,743
Persia	—	4,233,322	10,097	44,680
Philippines	3,314,774	786,988	11,546,399	7,756,051
Poland	178,111	381,710	—	—
Portugal	64,939	66,785	54,734	7,500
Portuguese East Africa	430,440	—	261,259	191,088
South America	1,904,436	39,500	1,016,189	339,326
Spain	28,667	50,110	—	—
Sweden	1,371,934	1,173,756	789,282	201,125
Switzerland	7,571,557	5,517,128	324,728	501,253
Thailand	15,375,347	6,658,344	10,334,003	7,748,486
Turkey	—	—	231,174	8,592
U. S. A.	51,173,481	54,875,622	39,747,101	34,362,073
Indonesia	10,901,951	5,763,009	14,482,084	4,185,819
U. S. S. R.	—	—	—	—
Others	1,563,433	2,175,770	1,778,340	715,291
TREASURE				
United Kingdom	—	1,983,304	—	1,299,709
Malaya	—	90,000	—	—
North Borneo	—	—	2,400	—
Central America	—	435,000	—	—
China, North	—	—	—	13,168,744
" Middle	—	—	—	1,145,000
" South	—	—	—	19,241,580
Italy	—	—	—	1,010,000
Macao	231,084	—	—	—
Thailand	—	—	553,184	104,105
U. S. A.	—	173,659	7,840	1,309,795
TOTAL MERCHANDISE	368,496,125	277,407,418	432,830,301	205,850,498
TOTAL TREASURE	231,084	2,681,963	563,424	37,278,913
GRAND TOTAL	368,727,209	280,089,381	433,393,725	243,129,411

1st Ten Months
1950 1949

**TOTAL VALUES OF IMPORTS & EXPORTS BY COUNTRIES
FOR THE PERIOD JANUARY TO OCTOBER**

Exports	
Clothing & underwear of textile materials	32.7 0.38
Teased oil	29.2 53.9
Wood oil	17.5 18.1
Footwear: boots, shoes & slippers	10.2 7.6
Pigs' and boars' bristles	3.3 8.5
Feathers	2.2 1.5
Wolframite	1.0 4.2

India

Imports jumped from \$6.0 million to \$8.2 millions, textile fabrics up by \$1.6 millions being the chief cause.

British Malaya

Imports went up by \$9.8 millions largely due to textile fabrics; gunny bags; coconut oil; and raw rubber. Exports also registered an increase of \$4.8 millions, the principal items affected being fruits and nuts; sugar; clothing and underwear of textile fabrics; and vegetables, roots and tubers chiefly used for human food. Textile fabrics were down by \$2.2 millions.

Pakistan

Imports of raw cotton fell by 50% to \$6.8 millions, and exports of yarn and threads fell by \$6.8 millions to \$7.3 millions.

Burma

Imports of raw cotton increased from \$35,000 in September to \$4.4 millions.

Germany

Imports increased by over 50% to \$4.3 millions, of which total dyeing and tanning materials accounted for \$2.1 millions. The fall in exports amounting to \$2.7 millions was chiefly due to the absence of shipments of oil-seeds.

Italy

Exports nearly quadrupled over last month mainly attributable to shelled groundnuts; sesame seeds; and silk waste and floss silk.

Japan

Trade with Japan again jumped, imports being up by \$14.9 millions to \$40.8 millions, and exports up by nearly \$6 millions. The main increases in imports were in respect of textile fabrics, from \$11.7 millions to \$17.5 millions; iron and steel, from \$1.3 millions to \$5.9 millions; coffee, tea, cocoa and preparations thereof, from \$0.3 million to \$1.5 millions; and fertilizers, from \$1.4 millions to \$2.4 millions. Exports of textile fabrics; yarns and threads; and wood oil, registered increases.

Thailand

Imports of white rice fell from \$15.8 millions to \$9.6 millions.

U.S.A.

Imports showed an increase of \$1.3 millions, the chief items being pharmaceutical products, fruits and nuts, dyeing and tanning materials, and textile fabrics. There were decreases in raw cotton from \$2.7 millions to \$0.4 million; non-electrical machinery from \$2.6 millions to \$1.5 millions and manufactured articles from \$5.5 millions to \$4.4 millions. Exports of pigs' and

Countries	IMPORTS		EXPORTS	
	Jan.-Oct. 1950	Jan.-Oct. 1949	Jan.-Oct. 1950	Jan.-Oct. 1949
	\$	\$	\$	\$
MERCHANDISE				
United Kingdom	336,585,869	303,256,473	141,222,249	118,691,377
Australia	70,154,146	51,107,240	32,436,873	29,990,993
Canada	39,124,090	41,838,104	8,917,901	13,630,686
Ceylon	1,855,775	1,553,644	7,129,100	4,700,514
East Africa	2,420,495	2,075,454	7,520,605	14,433,214
India	138,098,985	55,179,953	17,078,636	34,067,681
Malaya	180,732,583	78,507,925	385,902,218	202,168,388
New Zealand	814,289	1,342,557	3,201,683	2,276,164
North Borneo	9,889,720	9,790,940	12,401,283	7,337,007
Pakistan	76,629,317	21,443,937	112,082,209	50,076,298
South Africa	10,653,591	17,747,612	10,541,734	13,165,772
West Africa	57,008	43,159	6,684,537	5,737,537
West Indies	25,131	71,995	7,925,390	4,356,402
Br. Commonwealth, Other	29,751,491	34,353,443	11,434,141	9,038,997
Austria	7,029,327	3,552,511	81,715	17,660
Belgium	24,415,169	13,750,592	13,067,035	5,989,833
Burma	11,980,023	17,805,337	22,076,020	15,795,785
Central America	5,188,372	1,439,660	7,061,683	4,424,386
China, North	294,252,364	179,353,131	481,831,110	168,504,814
" Middle	98,608,219	43,745,138	304,874,993	91,243,845
" South	280,668,638	285,987,508	298,602,641	111,189,690
Czechoslovakia	9,745,264	6,556,883	48	1,815
Denmark	3,531,154	2,674,586	8,498,207	3,167,150
Egypt	705,428	2,449,945	5,883,609	3,247,921
Finland	3,279,586	2,380,339	56,085	57,628
France	35,320,922	27,831,126	8,246,697	10,293,071
French Indochina	26,564,353	17,443,504	19,297,504	17,613,343
Germany	28,741,127	5,894,866	36,910,600	14,234,122
Holland	39,175,831	33,137,038	36,092,493	9,999,949
Iraq	10,000	—	242,317	1,792,701
Italy	27,036,597	16,689,927	16,519,645	7,073,895
Japan	125,208,059	72,892,133	95,998,428	56,593,238
Korea (North)	19,219,169	44,988,458	7,777,032	43,057,275
Korea (South)	22,970,836	30,582,191	22,587,108	62,355,759
Macao	84,216,278	65,552,955	178,000,889	204,043,948
Norway	17,961,468	16,079,686	5,125,078	4,407,407
Oman	155,000	93,238	596,336	2,885,037
Persia	741,184	4,779,248	236,228	403,000
Philippines	13,525,995	13,459,135	66,321,443	81,637,271
Poland	3,126,661	2,458,146	—	—
Portugal	1,158,686	1,108,868	518,072	98,157
Portuguese East Africa	1,151,460	65,654	1,409,002	2,627,551
South America	2,122,811	3,744,496	15,078,563	3,980,816
Spain	569,823	479,249	587,492	190,487
Sweden	21,566,607	17,969,993	6,917,911	3,155,876
Switzerland	54,247,707	44,332,877	2,981,366	1,414,566
Thailand	150,389,210	85,489,654	88,516,076	107,469,801
Turkey	192,978	1,924,316	1,504,709	1,300,733
U. S. A.	525,159,350	457,659,436	263,084,474	187,633,863
Indonesia	64,992,422	27,678,518	96,314,603	49,865,303
U. S. S. R.	790,800	1,843,317	—	1,898,629
Others	21,814,178	21,762,868	22,698,639	14,025,087
TREASURE				
United Kingdom	4,377	26,035,387	17,360,349	5,328,666
Canada	—	—	22,500	—
Malaya	—	424,800	—	4,133
North Borneo	—	—	58,396	—
Br. Commonwealth, Other	—	1,616,700	—	—
Burma	—	224,000	—	—
Central America	—	3,808,640	—	—
China, North	110,000	270,000	—	43,352,524
" Middle	146,000	—	5,461,409	8,872,626
" South	10,272,832	—	20,311	79,646,775
France	—	1,620,000	—	—
Italy	—	—	—	1,010,000
Korea (North)	—	457,424	—	—
Korea (South)	—	5,360	—	—
Macao	4,308,013	78,100	—	21,321
Thailand	—	—	866,584	104,105
U. S. A.	10,300	107,104,959	14,990,199	1,769,811
TOTAL MERCHANDISE	2,924,325,546	2,193,948,153	2,900,068,411	1,803,367,092
TOTAL TREASURE	14,851,522	141,645,370	38,779,748	140,109,960
GRAND TOTAL	2,939,177,068	2,335,594,523	2,938,848,159	1,943,477,052

Hongkong Department of Commerce & Industry Report for October

Japanese Trade

The value of exports financed through the Open Account during October totalled US\$3,098,000 and the value of imports US\$6,636,000, figures which reflect the rapid upward trend of trade in both directions since restrictions were removed from imports in May. New letters of authority opened in respect of imports amounted to US\$12,695,834, while those received in respect of exports were valued at US\$6,414,835. Both figures are substantially higher than in any preceding month and the total trade is now running well above the target of US\$35 millions in each direction for 1950; in the first ten months of the year transactions to the value of US\$60 millions were completed.

Revenue

Revenue collected by the Department fell to \$5,230,365 as against \$5,978,780 in September. The fall was largely attributable to a drop of \$600,000 in tobacco duty and to a seasonal decline in the demand for table waters.

Seizures of dutiable cigarettes increased yet again to 952,604, of which 880,634 were of Macao origin. The amount of tobacco seized also increased slightly. Much of this tobacco is coming in bulk over the land frontier, and two motor cars in which sizeable quantities of dutiable tobacco were being conveyed to town were confiscated by order of the magistrate.

A night raid on Cheung Chau netted 400 lbs of tobacco from a building believed to be a reception centre for smuggled tobacco.

boars' bristles increased from \$3.2 millions to \$7.2 millions; and feathers from \$1.7 millions to \$4.1 millions, but wood oil decreased from \$14.7 million to \$12.2 millions.

Indonesia

Imports of motor spirit, gas oil and fuel oil increased by \$2.9 millions to \$5.6 millions, and pharmaceutical products by \$0.9 million to \$2.0 millions.

Other Countries

Imports of dyeing and tanning materials to the value of \$1.9 millions from the Argentine; gunny bags to the value of \$1.0 million from Nepal; diesel oil and kerosene to the value of \$1.6 millions from Bahrain were recorded.

Air Freight

The air freight figures for the month are as follows:—

	Weight	Value
Imports	87,565 kg.	\$12,809,681
Exports	76,094 "	10,181,118
Total	113,659 kg.	\$22,990,799

Switzerland supplied goods by air to the value of \$6.3 millions; U.S.A. \$3.7 millions and the United Kingdom \$1.3 millions.

Due to pressure of work in other directions it was not possible to devote so much attention to illicit stills at Cha Kwo Ling, and the month's total was only 30.

Import and Export Control

Import Licences issued totalled 3,609 and Export Licences 9,871, a grand total of 13,480. As the figures indicate, pressure of work in this branch is on the increase with increasing restrictions on the export of various commodities.

The smuggling of petrol and oil continues, and kerosene is now being taken out in small cans and bottles. Departmental cases of oil smuggling numbered seventeen, involving 2,156 gallons and five convictions.

There was one case of attempted export of five drums of potassium permanganate by land.

A remarkable feature of the month was the fact that a number of the cases involving gold were of attempted export instead of the more usual import. Although the number of cases diminished, the quantity involved was more than doubled, the largest seizure being one of 1,700 taels.

Supplies

Rice:—The rice market was unusually stable during the month, largely as a result of the continued steady flow of rice from the mainland. Lower grades of Government rice remained unsaleable; sales of better grade rice totalled 5,132 tons. A temporary ban was imposed during the month on further imports of so called 'infested' rice from Siam, the greater part of which has recently been broken rice bought at very low prices, but the effect on the market has so far been negligible owing to the backlog of import licences issued. Government stocks of broken rice continued to mount and represent at present roughly 30% of the total stock.

Flour:—There was a notable improvement in the flour market and stocks were reduced by 1,471.6 tons to 2,220.9 tons.

Sugar:—Due to continued distribution difficulties the rationing of sugar was re-introduced as from the 1st October, the ration of 1 lb white and ½ lb of brown being distributed through the existing retail organization for butter and rice. The problem of fair distribution to industrial bulk users is being worked out. Due to increased cost, the retail price of sugar had to be increased on the 28th October, white sugar from 45 cents to 50 cents a pound, and brown from 38 cents to 45 cents.

Coal:—Difficulty is being experienced in securing ships to lift coal from Chinwangtao and Calcutta, and arrivals against October and November purchases are likely to be considerably delayed. Receipts during the month were 12,157 tons from India and from

Chinwangtao; sales totalled 16,193 tons, leaving a stock of 38,323 tons at the end of the month.

Industry Section of the Department

There was a decrease in the number of Imperial Preference Certificates and Certificates of Origin issued following Australia's decision not to call for certificates from Hongkong. The total number issued during October was 2,331.

Local industries have been much affected by recent restrictions imposed by various Countries on the export of raw materials, and the Department has been called upon to assist in the procurement of hemp, tinplate, black plate, raw cotton, cotton yarn, certain metals, and various other materials. At the end of the month the raw cotton position was the most serious in view of the complete ban by the United States Government on exports to the Far East. The cotton yarn position, occasioned by the Indian Government's ban on the export of certain counts, was somewhat less grave.

It proved necessary to prohibit, save under licence, the export of tinplate and blackplate and the issue of export licences for raw cotton (already on the prohibited list) which had hitherto been granted freely, was suspended as from the 16th October, save under special circumstances.

The quarterly schedule of the Colony's requirements of tinplate (primes) from the United Kingdom was prepared and forwarded to the London Office.

Difficulties are also being experienced by local firms in obtaining certain types of goods other than raw materials.

Price Control

The month witnessed the start of the new policy of control by category rather than by brand, and a very considerable simplification of the lengthy list of Maximum Retail Prices.

A general survey of prices seems to show that whereas the prices of local and Chinese goods, especially food-stuffs, are keeping remarkably steady, the prices of imported goods, with the single exception of flour, are rising. This particularly applies to goods of Australian origin, but appears to be general to all countries. The price of Australian veal from Government stocks had to be raised twice during the month because of increased cost at source; the price of sugar was similarly increased, and in the case of white sugar, the whole of the increase was not passed on to the consumer.

Dangerous Drugs

Seizures fell away considerably, there being but one case of heroin—12 ozs. and one of morphine—26 ozs.

Preparations were begun for transfer to the Medical Department of all responsibility for opium and other dangerous drugs so soon as the necessary legislation has been passed.

HONGKONG'S TRADE FOR OCTOBER AND FOR THE FIRST TEN MONTHS OF 1950

TOTAL VALUES OF IMPORTS & EXPORTS BY CHAPTERS
FOR THE PERIOD JANUARY TO OCTOBER

TOTAL VALUES OF IMPORTS & EXPORTS BY CHAPTERS
FOR THE MONTH OF OCTOBER

Articles	IMPORTS		EXPORTS		Articles	IMPORTS		EXPORTS	
	October 1950	October 1949	October 1950	October 1949		Jan.-Oct. 1950	Jan.-Oct. 1949	Jan.-Oct. 1950	Jan.-Oct. 1949
Live animals, chiefly for food	3,060,147	3,264,113	360	—	Live animals, chiefly for food	34,011,101	35,632,904	71,386	8,580
Meat and preparations thereof	1,539,767	916,080	802,426	589,435	Meat and preparations thereof	12,605,084	8,958,335	4,756,415	5,163,386
Dairy products, eggs and honey	7,415,844	6,120,495	4,246,242	2,461,725	Dairy products, eggs and honey	60,783,278	52,998,997	34,815,109	30,833,588
Fishery products, for food	6,538,295	6,646,361	3,956,654	3,782,711	Fishery products, for food	53,815,093	56,785,733	36,250,635	24,929,263
Cereals	14,178,451	3,831,463	16,330	2,398,201	Cereals	131,770,777	60,026,166	13,448,212	5,579,298
Manufactured products of cereals, chiefly for human food	4,516,827	5,781,957	3,869,731	5,312,818	Manufactured products of cereals, chiefly for human food	61,525,849	53,544,781	54,243,933	40,545,185
Fruits and nuts, except oil-nuts	7,441,132	4,812,120	3,626,260	3,241,159	Fruits and nuts, except oil-nuts	54,407,978	36,925,940	32,876,043	25,090,931
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	11,110,105	4,348,198	15,456,072	9,739,496	Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	74,792,775	55,627,295	87,086,498	67,081,899
Sugar and sugar confectionery	10,425,809	7,129,796	17,805,355	4,105,262	Sugar and sugar confectionery	70,302,072	40,100,635	55,128,611	22,971,573
Coffee, tea, cocoa and preparations thereof; spices	4,706,099	3,229,750	3,708,580	2,640,961	Coffee, tea, cocoa and preparations thereof; spices	32,524,333	19,740,419	37,122,054	16,791,552
Beverages and vinegars	2,000,087	2,249,586	1,660,414	1,199,687	Beverages and vinegars	25,280,368	19,831,514	12,709,697	11,255,165
Feeding stuffs for animals, n.e.s.	2,819,152	4,702,609	2,530,572	3,415,201	Feeding stuffs for animals, n.e.s.	39,667,623	23,343,890	34,932,645	27,270,002
Tobacco	4,160,645	5,354,462	3,274,365	2,487,714	Tobacco	61,859,385	46,384,253	36,276,305	24,781,125
Oil-seeds, nuts & kernels	6,872,518	3,462,893	6,117,845	2,739,234	Oil-seeds, nuts & kernels	55,340,262	30,626,872	45,689,514	31,224,149
Animal and vegetable oils, fats, greases and waxes and their manufactures, n.e.s.	19,906,765	18,549,040	24,984,123	17,048,863	Animal and vegetable oils, fats, greases and waxes and their manufactures, n.e.s.	190,168,035	104,913,450	183,491,262	132,378,933
Chemical elements and compounds; pharmaceutical products	35,496,919	15,665,615	31,984,090	9,022,875	Chemical elements and compounds; pharmaceutical products	181,656,170	108,930,475	173,594,821	73,208,632
Dyeing, tanning & colouring substances (not including crude materials)	12,558,875	2,722,787	12,824,547	6,793,939	Dyeing, tanning & colouring substances (not including crude materials)	87,728,036	47,396,843	74,356,017	44,000,009
Essential oils, perfumery, cosmetics, soaps and related products	3,395,520	2,540,585	3,147,855	1,180,819	Essential oils, perfumery, cosmetics, soaps and related products	24,820,956	20,491,000	18,269,547	11,216,342
Fertilizers	3,543,211	2,847,588	7,587,621	1,506,839	Fertilizers	33,057,590	15,341,770	51,134,374	13,641,773
Rubber and manufactures thereof, n.e.s.	41,256,118	6,267,115	41,981,920	5,027,372	Rubber and manufactures thereof, n.e.s.	131,476,016	35,719,141	128,304,417	34,866,741
Wood, cork and manufactures thereof	3,920,009	3,710,678	1,280,821	1,113,831	Wood, cork and manufactures thereof	52,884,228	39,205,814	11,584,398	9,949,102
Pulp, paper & cardboard & manufactures thereof	5,416,636	7,353,455	7,244,097	7,637,056	Pulp, paper & cardboard & manufactures thereof	85,321,582	80,719,809	76,804,350	76,700,582

Hides & skins & leather Manufactures of leather, not including articles of clothing	2,455,827	2,092,856	2,755,675	1,029,321	Hides & skins & leather Manufactures of leather, not including articles of clothing	22,101,346	21,095,365	19,684,820	16,227,556
Furs, not made up	42,304	242,494	869,185	449,119	Furs, not made up	1,144,018	983,530	5,382,731	4,350,751
Textile materials, raw or simply prepared	38,281	78,000	19,800	139,254	Textile materials, raw or simply prepared	1,290,566	2,358,215	2,947,166	4,738,111
Yarns and threads	16,021,787	5,977,597	17,251,768	7,270,168	Yarns and threads	172,419,974	71,932,955	184,319,424	70,528,786
Textile fabrics and small wares	7,429,784	12,453,756	16,521,955	10,988,399	Textile fabrics and small wares	109,030,139	78,222,598	193,982,223	107,113,898
Special and technical tex- tile articles	42,148,373	29,634,994	45,647,490	13,835,465	Special and technical tex- tile articles	244,990,643	181,818,365	248,758,187	163,711,794
Clothing & underwear of textile materials; hats of all materials	816,251	666,248	1,616,951	604,804	Clothing & underwear of textile materials; hats of all materials	11,508,743	7,432,230	11,604,096	5,492,981
Clothing of leather & fur Footwear: boots, shoes & slippers	3,683,521	3,043,079	17,624,778	5,597,883	Clothing of leather & fur Footwear: boots, shoes & slippers	27,208,534	19,347,606	120,253,870	69,177,254
Made-up articles of tex- tile materials other than clothing	41,095	59,623	3,940	32,360	Made-up articles of tex- tile materials other than clothing	126,374	115,993	12,892	37,870
Products for heating, light- ing & power, lubricants & related products, n.e.s. Non-metallic minerals, crude or simply pre- pared, n.e.s.	119,864	113,796	1,559,081	2,021,325	Products for heating, light- ing & power, lubricants & related products, n.e.s. Non-metallic minerals, crude or simply pre- pared, n.e.s.	1,732,095	1,266,502	25,832,453	17,279,002
Pottery and other clay products	4,176,987	12,439,799	7,006,481	7,302,153	Pottery and other clay products	48,691,250	42,558,641	76,318,029	58,925,063
Glass and glassware	11,922,622	25,897,513	5,640,396	5,602,266	Glass and glassware	119,409,929	125,767,973	78,215,685	55,671,791
Manufactures of non-me- talic minerals, n.e.s. ..	669,991	1,177,624	1,160,520	245,794	Manufactures of non-me- talic minerals, n.e.s. ..	14,627,544	15,884,055	6,313,115	5,114,271
Precious metals & precious stones, pearls & articles made of these materials	674,696	741,319	1,090,857	715,436	Precious metals & precious stones, pearls & articles made of these materials	10,108,351	9,877,192	8,750,942	7,606,241
Ores, slag, cinder	618,654	806,184	1,125,219	638,654	Ores, slag, cinder	7,546,490	11,162,450	7,437,718	8,954,514
Iron and steel	650,703	353,029	580,367	128,752	Iron and steel	4,398,506	3,392,464	3,026,057	1,335,977
Non-ferrous base metals Manufactures of base metals, n.e.s.	711,479	2,435,893	793,534	876,332	Non-ferrous base metals Manufactures of base metals, n.e.s.	10,550,453	32,896,935	5,188,189	5,103,879
Machinery, apparatus and appliances other than electrical, n.e.s.	14,894	470,840	13,713,117	1,833,278	Machinery, apparatus and appliances other than electrical, n.e.s.	966,601	27,646,352	24,594,671	24,610,036
Electrical machinery, ap- paratus and appliances	13,821,464	8,710,482	15,488,934	3,398,063	Electrical machinery, ap- paratus and appliances	95,565,487	58,198,257	83,141,582	27,528,603
Vehicles and transport equipment, n.e.s.	5,427,520	3,785,015	10,751,762	4,002,196	Vehicles and transport equipment, n.e.s.	36,304,795	46,267,945	44,922,296	45,652,819
Miscellaneous crude or simply prepared pro- ducts, n.e.s.	4,100,313	4,217,966	13,124,609	9,014,534	Miscellaneous crude or simply prepared pro- ducts, n.e.s.	52,287,235	54,212,646	103,463,380	99,510,955
Manufactured articles, n.e.s.	4,349,816	5,356,342	6,100,913	2,855,656	Manufactured articles, n.e.s.	63,599,800	65,975,055	51,184,394	15,487,722
TOTAL MERCHANDISE	4,169,942	4,193,474	3,650,188	1,910,389	TOTAL MERCHANDISE	49,487,305	47,640,172	29,553,222	19,182,870
GOLD AND SPECIE ..	3,141,283	5,907,813	4,029,480	1,424,963	GOLD AND SPECIE ..	39,212,481	45,101,873	30,809,073	18,275,055
GRAND TOTAL	12,322,707	10,000,919	24,489,294	21,416,689	GRAND TOTAL	117,475,343	112,546,868	184,252,848	129,852,260
	16,646,936	15,045,017	22,107,727	9,272,070		126,764,953	117,999,360	145,173,105	92,409,231
TOTAL MERCHANDISE	368,496,125	277,407,418	432,830,301	205,850,493	TOTAL MERCHANDISE	2,924,325,546	2,193,948,153	2,900,068,411	1,803,367,092
GOLD AND SPECIE ..	231,084	2,681,963	563,424	37,278,913	GOLD AND SPECIE ..	14,851,522	141,645,370	38,779,748	140,109,960
GRAND TOTAL	368,727,209	280,089,381	433,393,725	243,129,411	GRAND TOTAL	2,939,177,068	2,335,593,523	2,938,848,159	1,943,477,052

HONGKONG'S BALANCE OF TRADE

FOR THE YEARS 1947, 1948, 1949 AND THE FIRST NINE MONTHS 1950
BY MAIN SECTIONS

Sections	Monthly Average 1947	Percentage of turnover (Import plus Export) represented by Balance	Monthly Average 1948	Percentage of turnover (Import plus Export) represented by Balance	Monthly Average 1949	Percentage of turnover (Import plus Export) represented by Balance	Monthly Average 1950 Jan.-Sept.	Percentage of turnover (Import plus Export) represented by Balance
	(In \$100,000s)		(In \$100,000s)		(In \$100,000s)		(In \$100,000s)	
I. Food products, beverage, tobacco	-133.70	30.6	-197.82	32.5	-211.69	24.2	-282.97	25.2
II. Fatty substances & waxes, animal & vegetable	-53.59	22.2	+8.65	3.7	+25.00	8.6	-22.94	5.0
III. Chemicals & allied products	+11.40	6.1	-64.97	22.9	-49.14	13.0	+10.60	1.9
IV. Rubber	-11.73	15.3	-3.55	6.1	-1.64	2.0	-4.33	2.2
V. Wood, cork	-25.88	77.2	-25.25	64.7	-31.80	61.3	-42.96	65.2
VI. Paper	-25.15	28.1	-28.65	20.5	-.20	.1	-9.27	5.5
VII. Hides, skins & leather & manufactures thereof, n.e.s.	-.30	1.2	+2.60	8.1	-.32	.6	+2.63	5.1
VIII. Textiles	-40.41	12.3	-44.76	7.6	+11.46	1.5	+95.66	8.4
IX. Articles of clothing of all materials & misc. made-up textile goods	+35.48	28.7	+76.37	46.9	+84.88	36.7	+140.54	47.6
X. Products for heating, lighting & power, lubricants & related products, n.e.s.	-17.46	11.4	-39.46	24.8	-65.38	33.4	-38.79	19.4
XI. Non-metallic minerals & manufactures thereof n.e.s.	-5.45	15.7	-14.96	28.0	-16.53	26.7	-13.88	22.5
XII. Precious metals & precious stones, pearls & articles made of these materials	-6.67	87.6	-5.30	40.0	-28.15	73.7	-6.05	38.2
XIII. Base metals & manufactures thereof, n.e.s.	-8.04	4.0	-5.18	1.9	+20.51	5.4	+45.87	11.3
XIV. Machinery, apparatus & appliances, n.e.s. & vehicles	-33.33	43.3	-63.27	26.0	-102.13	47.8	-47.61	18.0
XV. Miscellaneous commodities, n.e.s.	+1.93	1.6	-6.78	2.5	+5.71	1.2	+75.06	13.6
Total	-277.57	12.0	-412.33	13.8	-359.42	8.5	-98.44	1.8

BY SOURCES & DESTINATIONS

	(In \$100,000s)	(In \$100,000s)	(In \$100,000s)	(In \$100,000s)
United Kingdom	-105.20	62.3	-188.20	60.1
Malaya	+93.19	35.3	+100.08	41.5
British Commonwealth of Nations (Other)	-50.79	23.5	-51.35	18.9
Burma	-8.29	40.9	-18.46	47.8
China, North	-7.25	7.3	-14.31	6.7
" Middle	+9.93	16.0	+14.00	16.9
" South	-98.68	26.0	-124.80	41.9
Macao	-9.49	7.4	+39.43	30.0
Total China & Macao	-105.49	15.8	-85.67	11.0
French Indochina	-1.89	6.0	-9.14	22.2
Thailand	-22.21	18.2	+36.61	18.6
U. S. A.	-122.43	32.6	-195.84	43.5
All Other Countries	+1.13	.3	-.34	.04
Total	-277.57	12.0	-412.33	13.8

BY VALUE, MILLIONS OF HK\$

Area	1947			1948			1949			January-September, 1950		
	Imports	Exports	Difference	Imports	Exports	Difference	Imports	Exports	Difference	Imports	Exports	Difference
U. S. A.	298.6	151.7	-146.9	387.5	152.4	-235.1	575.5	234.4	-341.1	474.8	223.1	-251.7
Canada	20.3	3.0	-17.3	36.3	7.5	-28.8	57.5	15.0	-42.5	84.6	7.9	-76.7
South America	1.2	2.2	+1.0	2.2	6.5	+4.3	14.3	15.1	-.2	.2	14.1	+13.9
Rest of Western Hemisphere other than Sterling Area Countries but including Japan, Korea & the Philippines	52.9	79.3	+26.4	132.0	248.6	+116.6	190.1	301.4	+111.3	141.7	176.7	+29.0
South Africa	11.7	26.9	+15.1	12.7	7.1	-5.6	51.4	36.8	-14.6	9.7	8.5	-.2
Rest of Sterling Area	395.1	321.9	-73.2	530.2	397.2	-133.0	713.0	514.5	-198.5	741.9	645.3	-96.5
Europe (including Overseas Possessions other than in Western Hemisphere)	266.9	237.6	-29.3	376.8	299.0	-77.8	278.6	137.4	-141.2	303.6	198.4	-105.2
All Other Countries	503.0	894.0	-109.0	599.8	464.3	-135.5	908.5	1,094.5	+186.0	849.6	1,204.4	+354.8
Total	1,549.9	1,216.8	-333.1	2,077.5	1,582.7	-494.8	2,789.4	2,349.1	-440.3	2,556.1	2,472.4	-83.7

HONGKONG TRADE STATISTICAL REVIEW

Following are Hongkong import and export statistics for the years 1947 to 1949, for the first 9 months of this year and for the months of July—September 1950. From a comparison of the figures recorded in previous years and during the current year the enormous advance in trade will be seen.

IMPORTS INTO HONGKONG

	Monthly Average 1947	Monthly Average 1948	Monthly Average 1949	Monthly Average Jan.-Sept. 1950	August 1950	September 1950
	\$	\$	\$	\$	\$	\$
United Kingdom	13,704,225	25,077,350	32,308,740	34,442,666	27,550,903	32,944,623
British Commonwealth of Nations	21,892,406	23,188,359	34,044,863	52,908,606	52,790,287	77,155,219
China	31,348,414	35,883,432	49,457,651	64,925,636	76,205,161	109,467,165
U. S. A.	24,889,943	32,288,845	47,954,465	52,665,095	47,750,540	49,820,009
All other Countries	37,325,133	56,690,232	65,417,764	79,039,043	91,664,666	89,459,611
Total	129,160,121	173,128,218	229,183,483	283,981,047	295,961,557	357,846,627

EXPORTS FROM HONGKONG

United Kingdom	3,184,005	6,257,668	11,645,651	14,790,395	12,658,872	11,910,366
British Commonwealth of Nations	26,132,748	28,061,223	33,519,117	58,726,081	90,479,563	94,604,583
China	22,097,182	23,373,174	48,718,701	98,784,184	113,498,993	173,864,339
U. S. A.	12,646,924	12,704,328	19,538,042	24,815,264	42,349,495	33,503,964
All other Countries	37,341,938	61,498,583	79,820,405	77,021,644	89,250,339	89,550,306
Total	101,402,797	131,894,976	193,241,916	274,137,568	348,237,262	403,433,558

IMPORTS BY MAIN COMMODITY SECTIONS

Sections	Monthly Average 1947	Monthly Average 1948	Monthly Average 1949	July 1950	August 1950	September 1950
	\$	\$	\$	\$	\$	\$
I. Food products, beverages, tobacco	28,550,352	40,269,940	54,309,259	68,147,643	76,503,770	94,175,795
II. Fatty substances and waxes, animal and vegetable	14,744,037	11,085,748	13,226,411	24,288,387	33,019,595	35,227,843
III. Chemicals & allied products	8,818,254	17,439,003	21,304,236	17,029,579	26,283,704	35,205,395
IV. Rubber	4,420,363	3,056,970	4,154,831	12,533,615	13,443,921	40,966,665
V. Wood, cork	2,970,514	3,212,624	4,183,245	5,488,237	4,025,053	4,642,672
VI. Paper	4,727,697	8,403,312	8,046,195	6,779,923	5,495,788	4,824,390
VII. Hides, skins & leather & manu- factures thereof, n.e.s.	1,285,067	1,469,234	2,488,250	1,755,555	2,362,506	3,300,626
VIII. Textiles	18,475,534	31,616,043	37,134,923	37,710,638	55,317,459	64,777,125
IX. Articles of clothing of all materi- als & misc. made-up textile goods	4,412,128	4,312,931	7,309,482	5,318,378	8,696,731	4,816,801
X. Products for heating, lighting & power, lubricants & related products, n.e.s.	8,510,621	9,911,181	13,054,400	6,377,460	12,062,849	8,316,420
XI. Non-metallic minerals & manu- factures thereof, n.e.s.	2,007,532	3,417,263	3,923,347	3,823,810	3,549,590	3,704,579
XII. Precious metals and precious stones, pearls and articles made of these materials	714,353	928,202	3,316,835	539,332	1,254,040	425,046
XIII. Base metals and manufactures thereof, n.e.s.	10,370,614	14,179,253	18,049,954	17,874,933	14,470,398	15,118,465
XIV. Machinery, apparatus & ap- pliances, n.e.s. & vehicles	5,515,705	10,044,308	15,778,189	14,492,682	15,417,182	13,841,997
XV. Miscellaneous commodities, n.e.s.	5,956,742	13,782,201	22,903,923	18,808,681	24,058,971	29,502,808
Total	129,160,121	173,128,217	229,183,483	240,968,853	295,961,557	358,846,627

INDEX NUMBERS OF IMPORTS
ON BASIS MONTHLY AVERAGE, 1947=100.

Sections	Monthly Average 1948	Monthly Average 1949	July 1950	August 1950	September 1950
I. Food products, beverages, tobacco	141.0	190.2	238.7	268.0	329.9
II. Fatty substances and waxes, animal and vegetable	75.1	89.7	164.7	224.0	238.9
III. Chemicals & allied products	197.7	241.6	193.1	298.1	399.2
IV. Rubber	69.1	94.0	283.5	304.1	926.8
V. Wood, cork	108.1	140.8	184.8	135.5	156.3
VI. Paper	177.7	170.2	143.4	116.2	102.0
VII. Hides, skins & leather & manu- factures thereof, n.e.s.	114.3	193.6	136.6	183.8	256.8
VIII. Textiles	171.1	201.0	204.1	299.4	350.6
IX. Articles of clothing of all mate- rials & misc. made-up textile goods	97.7	165.7	120.5	197.1	109.2
X. Products for heating, lighting & power, lubricants & related products, n.e.s.	116.4	153.4	74.9	141.7	97.7
XI. Non-metallic minerals & manu- factures thereof, n.e.s.	170.2	195.4	190.5	176.8	184.5
XII. Precious metals and precious stones, pearls and articles made of these materials	129.9	464.3	75.5	175.5	59.5
XIII. Base metals and manufactures thereof, n.e.s.	136.7	174.0	172.4	139.5	145.8
XIV. Machinery, apparatus & ap- pliances, n.e.s. & vehicles	182.1	286.1	262.8	279.5	251.0
XV. Miscellaneous commodities, n.e.s.	231.3	384.5	315.8	403.9	495.3
Index of Total Imports ..	134.0	177.4	186.6	229.1	277.8

EXPORTS BY MAIN COMMODITY SECTIONS

Sections	Monthly Average 1947	Monthly Average 1948	Monthly Average 1949	July 1950	August 1950	September 1950
	\$	\$	\$	\$	\$	\$
I. Food products, beverages, tobacco	15,179,544	20,488,264	33,139,643	38,024,550	44,452,134	46,765,393
II. Fatty substances and waxes, animal and vegetable	9,384,052	11,951,123	15,726,440	22,251,451	30,364,835	35,905,804
III. Chemicals & allied products	9,958,712	10,942,260	16,390,225	30,977,370	43,268,495	58,564,633
IV. Rubber	3,246,501	2,702,254	3,990,458	11,936,029	21,258,792	33,464,249
V. Wood, cork	381,607	687,596	1,003,302	964,763	1,258,668	1,702,654
VI. Paper	3,212,253	5,538,409	8,026,479	6,416,509	6,818,142	7,677,353
VII. Hides, skins & leather & manu- factures thereof, n.e.s.	1,254,969	1,729,311	2,456,134	3,473,675	4,040,249	3,959,657
VIII. Textiles	14,434,146	27,140,297	38,281,642	73,306,429	82,385,497	98,324,863
IX. Articles of clothing of all mate- rials & misc. made-up textile goods	7,960,646	11,949,665	15,797,927	16,027,540	21,447,629	19,725,881
X. Products for heating, lighting & power, lubricants & related products, n.e.s.	6,674,512	5,964,935	6,515,694	6,244,975	3,253,914	2,990,573
XI. Non-metallic minerals & manu- factures thereof, n.e.s.	1,461,723	1,921,210	2,270,351	2,444,018	2,816,191	3,341,996
XII. Precious metals and precious stones, pearls and articles made of these materials	47,310	397,346	501,473	488,850	939,688	531,580
XIII. Base metals and manufactures thereof, n.e.s.	9,565,929	13,660,904	20,101,714	29,357,051	33,119,649	39,339,078
XIV. Machinery, apparatus & ap- pliances, n.e.s. & vehicles	2,181,885	3,717,340	5,565,166	15,121,279	13,697,323	12,945,787
XV. Miscellaneous commodities, n.e.s.	6,150,517	13,104,058	23,475,268	37,736,533	39,116,056	38,194,057
Total	101,402,797	131,894,975	193,241,916	294,771,022	348,237,262	403,433,558

INDEX NUMBERS OF EXPORTS
ON BASIS MONTHLY AVERAGE, 1947=100.

Sections	Monthly Average 1948	Monthly Average 1949	July 1950	August 1950	September 1950
I. Food products, beverages, tobacco	134.9	218.3	250.5	292.8	308.1
II. Fatty substances and waxes, animal and vegetable	127.3	167.6	237.1	323.6	382.6
III. Chemicals & allied products	109.8	164.6	311.1	434.5	588.1
IV. Rubber	83.2	122.9	367.7	654.8	1,030.8
V. Wood, cork	180.2	262.9	252.8	329.8	446.2
VI. Paper	172.4	249.8	199.8	212.3	239.0
VII. Hides, skins & leather & manu- factures thereof, n.e.s.	137.7	195.7	276.8	321.9	315.5
VIII. Textiles	188.0	265.2	507.9	570.8	681.2
IX. Articles of clothing of all mate- rials & misc. made-up textile goods	150.1	198.4	201.3	269.4	247.8
X. Products for heating, lighting & power, lubricants & related products, n.e.s.	89.3	97.6	93.6	48.8	44.8
XI. Non-metallic minerals & manu- factures thereof, n.e.s.	131.4	155.3	167.2	192.7	228.6
XII. Precious metals and precious stones, pearls and articles made of these materials	839.8	1,059.9	1,033.3	1,986.2	1,123.6
XIII. Base metals and manufactures thereof, n.e.s.	142.8	210.1	306.9	346.2	411.2
XIV. Machinery, apparatus & ap- pliances, n.e.s. & vehicles	170.3	255.0	693.0	627.8	593.3
XV. Miscellaneous commodities, n.e.s.	213.0	381.6	613.6	636.0	621.0
Index of Total Exports ..	130.0	190.5	290.7	343.4	397.9

IMPORTS BY MAIN SOURCES

Sources	Monthly Average 1947	Monthly Average 1948	Monthly Average 1949	July 1950	August 1950	September 1950
	\$	\$	\$	\$	\$	\$
United Kingdom	13,704,225	25,077,350	32,308,740	33,067,583	27,550,903	32,944,623
Malaya (British)	8,534,001	7,054,569	9,016,018	15,678,155	19,975,734	44,356,396
Bri. Commonwealth of Nations (Oth.)	13,358,405	16,133,787	25,028,844	18,828,649	32,814,553	32,798,823
Burma	1,427,523	2,853,438	1,533,659	1,730,211	46,613	65,905
China, North	5,810,683	11,301,520	19,499,683	21,785,413	22,579,742	29,520,038
" Middle	2,597,543	3,447,674	4,836,817	7,383,323	11,394,186	25,229,702
" South	23,931,742	21,134,238	25,121,151	32,830,741	42,231,233	54,717,425
Macao	6,854,966	7,424,053	6,470,644	10,325,930	10,063,840	9,335,063
Total China & Macao	38,694,934	43,307,486	55,928,295	72,325,407	86,269,001	118,802,223
French Indochina	1,674,540	2,514,938	1,792,372	6,678,833	5,791,705	1,524,388
Thailand	4,991,873	8,018,625	9,182,417	15,414,173	15,651,425	24,068,194
U. S. A.	24,889,943	32,288,845	47,954,466	37,345,278	47,750,540	49,820,009
All Other Countries	21,884,677	35,879,178	46,438,672	39,900,564	60,111,083	54,466,061
Total	129,160,121	173,128,217	229,183,483	246,968,853	295,961,557	358,846,627

INDEX NUMBERS OF IMPORTS
ON BASIS MONTHLY AVERAGE, 1947=100.

Sources	Monthly Average 1948	Monthly Average 1949	July 1950	August 1950	September 1950
United Kingdom	183.0	235.7	241.3	201.0	240.4
Malaya (British)	82.6	105.6	183.7	234.1	519.8
Bri. Commonwealth of Nations (Oth.)	120.7	187.3	140.9	245.6	245.5
Burma	199.8	107.4	121.2	3.3	4.6
China, North	212.8	367.2	410.2	425.2	555.9
" Middle	132.7	186.2	284.2	438.7	971.3
" South	88.3	104.9	137.2	176.5	228.6
Macao	108.3	94.4	150.6	146.8	136.2
Total China & Macao	111.9	144.5	186.9	222.9	307.0
French Indochina	150.1	107.0	398.8	345.9	91.0
Thailand	160.6	183.9	308.8	313.5	482.1
U. S. A.	129.7	192.6	150.0	191.8	200.2
All Other Countries	163.0	212.2	182.3	274.7	248.9
Index of Total Imports ..	134.0	177.4	186.6	229.1	277.8

EXPORTS BY MAIN DESTINATIONS

Destinations	Monthly Average 1947	Monthly Average 1948	Monthly Average 1949	July 1950	August 1950	September 1950
	\$	\$	\$	\$	\$	\$
United Kingdom	3,184,005	6,257,668	11,645,651	10,616,356	12,658,872	11,910,366
Malaya (British)	17,853,510	17,062,385	19,997,929	47,040,984	49,392,771	60,697,695
Bri. Commonwealth of Nations (Oth.)	8,279,238	10,998,837	13,521,187	43,299,099	41,086,792	33,906,888
Burma	597,931	1,007,719	1,498,063	628,645	6,486,222	2,386,288
China, North	4,585,360	9,870,916	23,966,189	43,096,817	45,801,750	74,184,820
" Middle	3,591,381	4,848,214	13,170,402	21,582,734	28,278,564	33,266,708
" South	14,063,133	8,654,044	11,582,110	29,531,915	39,418,679	66,412,811
Macao	5,905,691	11,367,134	22,378,523	14,970,658	13,435,428	14,861,707
Total China & Macao	28,145,565	34,740,308	71,097,224	109,182,124	126,934,421	188,726,046
French Indochina	1,484,638	1,599,961	1,642,581	1,557,621	3,106,914	1,108,543
Thailand	7,212,966	11,679,455	9,653,407	11,526,956	18,445,816	9,560,482
U. S. A.	12,646,924	12,704,328	19,538,042	31,295,767	42,349,495	33,503,964
All Other Countries	21,998,020	35,844,312	44,647,832	39,623,470	47,775,959	61,633,286
Total	101,402,797	131,894,975	193,241,916	294,771,022	348,237,262	403,433,553

INDEX NUMBERS OF EXPORTS
ON BASIS MONTHLY AVERAGE, 1947=100.

Destinations	Monthly Average 1948	Monthly Average 1949	July 1950	August 1950	September 1950
United Kingdom	196.5	365.7	333.4	397.6	374.1
Malaya (British)	95.5	112.0	263.5	276.7	340.0
Bri. Commonwealth of Nations (Oth.)	132.8	163.3	523.0	496.3	409.5
Burma	168.5	250.5	105.1	1,084.8	399.1
China, North	215.2	522.6	939.9	998.9	1,617.9
" Middle	134.9	366.7	601.0	787.4	926.3
" South	61.5	82.3	210.0	280.3	472.2
Macao	192.4	378.9	253.5	227.5	251.7
Total China & Macao	123.4	252.6	387.9	451.0	670.5
French Indochina	107.7	110.6	104.9	209.3	74.7
Thailand	161.9	133.8	159.8	255.7	132.5
U. S. A.	100.4	154.4	247.5	334.9	264.9
All Other Countries	162.9	202.9	180.1	217.2	280.2
Index of Total Exports ..	130.0	190.5	290.7	343.4	397.9

HONGKONG IMPORTS & EXPORTS OF SELECTED COMMODITIES

FOR THE MONTH OF OCTOBER 1950

WOLFRAM ORE

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
China, South	—	—	28,071	10,171,200
Macao	36	14,994	—	—
Sweden	—	—	84	51,240
U. S. A.	—	—	249	154,677
Total	36	14,994	28,404	10,377,117

ANTIMONY

China, South	—	—	16,875	3,030,000
Total	—	—	16,875	3,030,000

TIN INGOTS OF CHINESE ORIGIN

China, Middle	—	—	428	336,616
" South	—	—	6,612	4,400,000
U. S. A.	—	—	252	208,708
Total	—	—	7,292	4,945,324

TIN INGOTS, NOT ELSEWHERE STATED

Malaya	587	443,701	—	—
Total	587	443,701	—	—

TINNED PLATES

United Kingdom ..	2,283	168,542	—	—
China, North	—	—	1,440	138,695
" Middle	—	—	1,127	97,612
" South	—	—	812	74,400
Macao	—	—	317	38,467
U. S. A.	18,069	791,861	—	—
Total	20,352	960,403	3,696	349,174

ANISEED OIL

United Kingdom ..	—	—	96	79,724
Australia	—	—	3	2,772
India	—	—	1	1,074
South Africa	—	—	7	5,765
Belgium	—	—	44	39,498
China, South	202	178,942	—	—
French Indochina ..	37	30,185	—	—
Germany	—	—	16	14,442
Holland	—	—	107	97,273
Italy	—	—	48	43,636
Sweden	—	—	6	5,355
Switzerland	—	—	24	21,659
U. S. A.	—	—	190	171,917
Total	239	209,127	542	483,115

CASSIA OIL

United Kingdom ..	1	1,732	25	57,960
China, South	193	345,480	—	—
Japan	—	—	3	5,760
Macao	2	2,240	—	—
U. S. A.	—	—	202	439,466
Total	196	349,452	230	503,186

COCO-NUT (COPRA) OIL, REFINED

Malaya	11,427	1,491,469	—	—
China, North	—	—	7,183	1,021,799
" Middle	—	—	2,478	316,939
" South	—	—	4	600
Macao	—	—	114	16,065
Thailand	165	19,800	—	—
Total	11,592	1,511,269	9,779	1,355,403

WOOD OIL IN BULK

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
United Kingdom ..	—	—	6,888	1,321,280
China, South	21,840	3,787,933	—	—
Germany	—	—	2,293	335,368
Sweden	—	—	84	17,660
U. S. A.	—	—	65,519	12,165,369
Total	21,840	3,787,933	74,784	13,839,677

WOOD OIL IN DRUMS

United Kingdom ..	—	—	183	28,074
Australia	—	—	1,927	363,430
India	—	—	192	36,984
Malaya	—	—	181	40,316
New Zealand	—	—	706	133,273
North Borneo	—	—	12	1,862
South Africa	—	—	850	158,257
Br. Commonwealth, Other	—	—	84	16,380
China, North	5,466	772,530	—	—
" Middle	—	—	524	100,310
" South	52,103	8,700,609	—	—
Denmark	—	—	168	31,920
France	—	—	840	161,318
Germany	—	—	1,756	349,672
Holland	—	—	2,661	528,149
Italy	—	—	1,389	290,229
Japan	—	—	5,610	1,103,200
Macao	310	40,000	—	—
Norway	—	—	924	177,112
Indonesia	—	—	26	5,107
Thailand	—	—	97	14,450
Sweden	—	—	2,772	539,046
U. S. A.	—	—	431	81,050
Finland	—	—	84	15,960
Total	57,879	9,513,139	21,417	4,178,099

OTHER OILS FROM SEEDS, NUTS AND KERNELS

United Kingdom ..	33	4,789	—	—
China, North	49	6,150	—	—
" Middle	—	—	95	11,300
" South	11,849	1,521,490	—	—
Macao	—	—	9	1,130
Philippines	60	10,080	—	—
Thailand	263	31,760	—	—
U. S. A.	91	21,374	8	832
Total	12,345	1,595,643	112	13,262

SOYA BEAN OIL

Belgium	—	—	2,043	253,240
China, Middle	—	—	90	11,700
" South	504	63,000	—	—
Holland	—	—	5,124	611,812
Total	504	63,000	7,257	876,752

TEA SEED OIL

United Kingdom ..	—	—	4,170	625,607
China, South	4,809	716,180	—	—
Macao	—	—	1	90
U. S. A.	—	—	420	68,460
Total	4,809	716,180	4,591	694,157

BRISTLES

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
United Kingdom ..	—	—	33	50,600
Australia	—	—	217	202,795
China, North	132	130,400	—	—
" Middle	—	—	9	12,000
" South	613	853,800	—	—
Germany	—	—	294	288,432
Japan	26	55,000	278	388,652
U. S. A.	—	—	1,909	7,173,082
Total	771	1,039,200	2,740	8,115,561

LINSEED OIL

United Kingdom ..	169	27,725	—	—
India	251	43,604	—	—
Malaya	—	—	158	20,300
North Borneo	—	—	6	880
China, Middle	—	—	127	19,230
" South	—	—	18	2,901
Macao	12	1,320	—	—
Total	432	72,649	309	43,311

SESAMUM OIL

Australia	—	—	8	1,265
Canada	—	—	62	14,898
Malaya	—	—	76	18,625
New Zealand	—	—	19	3,812
North Borneo	—	—	1	150
West Indies	—	—	1	92
China, North	43	7,380	—	—
" South	53	9,360	—	—
Central America ..	—	—	3	365
Japan	—	—	5	1,540
Philippines	—	—	4	670
U. S. A.	—	—	31	7,195
Total	96	16,740	210	48,612

RUBBER, RAW

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
Malaya	109,664	39,298,120	—	—
North Borneo	241	49,718	—	—
China, North	—	—	85,002	28,698,974
" Middle	—	—	2,253	715,521
" South	—	—	29,794	10,452,891
Macao	9	3,800	6	2,650
Indonesia	2,262	692,800	—	—
Philippines	—	—	9	3,600
Total	112,176	40,044,438	117,064	39,873,636

GROUNDNUT (PEANUT) OIL

Australia	—	—	5	1,161
India	75	12,466	—	—
Malaya	—	—	510	84,311
North Borneo	—	—	24	3,313
Br. Commonwealth, Other	—	—	57	11,045
Belgium	—	—	1,225	183,678
China, North	1,155	168,030	—	—
" Middle	3,129	482,018	3,650	576,646
" South	808	127,173	—	—
Japan	—	—	2	500
Macao	302	48,370	649	94,440
Thailand	5,725	867,405	—	—
Total	11,194	1,705,462	6,122	955,094

HONGKONG'S TRADE IN TEXTILES

Note:—The unit of measurement is piece lengths in yards, since no data are available on widths to enable measurement to be square yards. Widths vary from 64 inches to 27 inches.

Hongkong Imports of Cotton Yarn

	Monthly Average 1947	Monthly Average 1948	Monthly Average 1949	Monthly Average Jan.-Sept., 1950	Sept., 1950
	lbs.	lbs.	lbs.	lbs.	lbs.
United Kingdom	38,257	329,121	527,308	161,821	38,904
India	—	—	618,558	2,437,436	1,514,000
Malaya (British)	336	—	5,167	7,778	—
China, North	227,633	1,209,581	689,259	309,863	—
" Middle	—	—	—	46,667	—
" South	—	87,667	249,200	310,417	260,000
Egypt	367	—	2,561	—	—
Holland	—	967	285	819	—
Japan	666,667	333,333	—	2,267	1,400
Macao	53,185	—	—	55,333	20,000
U. S. A.	1,309	553	2,660	1,222	—
Italy	2,514	558,788	41,886	—	—
Total	990,268	2,520,010	2,136,885	3,333,623	1,834,304

Hongkong Imports of Rayon & Rayon Mixtures

	Monthly Average Jan.-Sept., 1950	Sept. 1950
	Yds.	Yds.
United Kingdom ..	178,882	178,649
India	635	—
Malaya (British) ..	8,344	800
Belgium	239	2,151
China, North	127	—
" South	7,641	—
Czechoslovakia ..	984	3,099
France	10,423	3,132
Germany	1,779	—
Holland	2,134	2,593
Japan	1,599,618	6,078,987
Macao	1,621	800
Italy	93,178	59,827
Sweden	1,955	—
Switzerland	4,669	1,048
U. S. A.	697,563	435,136
Total	2,609,792	6,766,222

Hongkong Imports of Cotton Piece Goods

	Monthly Average Jan.-Sept., 1950 Yds.	Sept. 1950 Yds.
United Kingdom .	588,964	327,280
Australia	107	—
Canada	1,109	9,979
Ceylon	667	—
Malaya (British)	1,435,920	1,061,100
British E. Africa	236	—
British N. Borneo	2,961,824	930,656
India	1,259,932	4,502,225
China, North ..	4,243	3,392
" Middle ..	657,468	3,563,100
" South ..	5,178	—
Central America	50,080	5,207
Czechoslovakia ..	2,582	720
France	12,946	6,000
Germany	8,401	—
Holland	58,623	12,328
Italy	27,288	31,098
Japan	1,536,247	3,704,689
Korea, South	1,081	—
Macao	205,122	75,800
Switzerland	6,496	2,393
U. S. A.	504,990	66,344
All oth. countries	1,333	—
Total	9,330,837	14,302,311

Exports of Cotton & Rayon Piece Goods from Hongkong

COTTON PIECE GOODS	Monthly Average Jan.-Sept., 1950 Yds.	Sept. 1950 Yds.
United Kingdom .	290,975	878,560
Australia	246,255	88,160
Canada	89	—
Ceylon	1,573	5,000
Malaya (British)	3,024,136	6,807,146
New Zealand	2,756	—
British E. Africa	20,398	41,706
British W. Africa	32,840	18,000
British S. Africa	113,825	188,280
British N. Borneo	114,310	172,370
British W. Indies	112,606	240,924
Br. Commonwealth of Nations, Oth.	42,659	92,400
Burma	21,882	107,071
China, North	2,900	—
" Middle	1,738,803	2,072,568
" South	683,645	4,600
Denmark	40,351	16,000
French Indochina	26,877	57,423
Holland	51,111	—
Japan	16,548	40,577
Korea, North	182,311	—
" South	344	—
Macao	511,956	350,610
Oman	100	—
Pakistan	1,106,594	1,087,424
Philippines	1,260,505	3,096,707
Port. E. Africa ..	3,967	19,500
South America ..	1,146	—
Sweden	24,167	—
Thailand	840,765	1,069,549
U. S. A.	1,125	—
U.S. of Indonesia	608,866	4,021,225
Other Countries ..	42,024	39,345
Total	11,132,409	20,515,145
Rayon piece-goods	1,973,269	6,589,552
Rayon mixture piece-goods ..	27,675	44,496

HONGKONG BUILDING CONSTRUCTION

Below is published a table showing the plans received and plans approved by the Building Ordinance Office of Hongkong Government's Public Works Department.

From the monthly averages for the years 1948 and 1949 and the average for the first nine months of 1950 one will see how very large was the building construction in the Colony during the last 2 years and nine months. By multiplying the averages with 12 (in the case of the years 1948 and 1949) and with 9 (for the Jan./Sept. period

of this year) respectively the total number of building plans (received and approved) will be obtained.

The enormous extent of housing and other building construction is eloquently expressed in these figures.

Though there has been a slackening in new construction as well as in rehabilitation of older buildings there is still a remarkably large number of projects under consideration in addition to the many construction jobs now in state of being completed. A saturation point has been reached for the time being.

PLANS RECEIVED AND PLANS APPROVED BY PUBLIC WORKS' BUILDING ORDINANCE OFFICE

	Monthly Average 1948	Monthly Average 1949	Monthly Average Jan./Sept., 1950	Sept., 1950
Plans Received:				
European type houses	43	38	25	15
Chinese type houses ..	93	62	67	39
Factories	4	3	3	1
Godowns	5	2	7	8
Temporary Sheds	4	4	6	11
Houses for Repairs & Rehabilitation	30	18	13	14
Houses for Alterations & Additions	212	241	387	247
Site Formation	4	6	19	7
Churches	—	1	—	1
Hotels	—	1	—	—
Schools	5	1	1	1
Kiosk	5	—	—	1
Nissen Huts	—	1	1	—
Houses for Demolition	2	5	4	—
Theatres	—	1	1	1
Film Studio	—	1	—	—
Hospitals	—	—	—	2
Restaurant	—	—	1	—
Skating Rink	—	—	—	1
Total Plans Received	402	384	535	349
Plans Approved:				
European type houses	45	43	34	9
Chinese type houses ..	77	70	67	19
Factories	3	2	2	1
Schools	6	1	1	—
Office Buildings	2	—	—	—
Temporary Sheds	8	9	10	3
Site Formation	3	6	4	3
Houses for Repairs & Rehabilitation	20	24	11	13
Houses for Alterations & Additions	538	560	479	353
Godowns	3	6	3	2
Garages	2	2	1	—
Kiosk	—	—	—	—
Churches	—	1	—	1
Houses for Demolition	—	1	1	1
Advertising Hoarding ..	3	7	6	—
Block comprising 500 working class flats ..	—	1	—	—
Hotel	—	—	1	2
Laan	—	—	1	—
Service Station	—	—	1	—
Restaurant	—	—	—	1
Total Plans Approved	708	734	622	408

FINANCIAL REPORTS

HONGKONG FREE EXCHANGE & GOLD MARKET

While traders complained that imports were dropping—consequent upon high prices in industrial countries and certain amount of saturation reached in China—and money, which was rather easy for several months (since start of Korean war last June 25), turned somewhat tight, the gold market continued strong and speculation was fired by Korean war reports. The security market has settled down and little change in rates is registered there; investment capital is again shy and what venturesome financiers there are take to the gold market. With ever changing rates and flourishing bucket business the speculative instinct of the Chinese is aroused; besides the gold hedging is these days considered less risky than most other speculative hoarding such as in 'strategic' goods.

War reports are often misleading and while one day a bullish trend seems to be developing the next day, when UN

successes are in the making, the bears rule the field. The forward deals in the gold exchange are largely influenced by political sentiments and to a lesser degree by the technical position such as local and Macao trading stocks, import excess over exports, fresh arrivals, crossrates in European supply centres. The main topic of gold brokers and their clients' daily discussions, at the exchange and in the numerous bucket shops, concerns the political and military situation in communist China and in Korea. What amount of rumours and wishful thinking is peddled by these people beggars description. Any shred of information from China is pounced upon to spin a new yarn and to promote the interests of the group of which the rumour-mongering speculator happens to be a partisan. Much of the worry to which the city is exposed on account of the rumours and dire predictions emanating from the gold speculation is unnecessary— from the public's point of view but it is the life blood of the gambling cliques.

Review of the week November 20—25:—

GOLD:—Highest & lowest rates per .945 fine tael \$310¼—300¼, equiv. to .99 fine tael and oz rates of \$325.54—314.54 and \$270.54 and 261.39 respectively. Crossrates US\$41.2/3 high, 40½ low.

Macao and Canton .99 fine tael prices \$320¼—303¼ and \$317—309.

Highest & lowest gold (.945 fine tael) and TT New York rates (US\$100):

	Gold		US\$	
	high	low	high	low
November 20	\$304¼	300¼	649	644
21	304¼	300½	649¼	645
22	304¼	302½	649¼	648
23	308½	300¾	650½	647½
24	310¾	305½	649¾	648
25	307¾	303¾	648	646½

Interest per tael per day in favor of sellers 34 cts. Forward contracts 229,000 taels (daily average 38,160); position left open per average day 106,000; cash sales 43,800 (officially listed 32,800, unofficially 11,000) of which amount 24,500 absorbed by interest hedgers

('marginal hoarders'), 2700 by ornamental trade, 11,600 by exporters. Exports: 11,600 taels, of which to India 3500, Bangkok 5500, Singapore 2600 (differences for certified .99 fine bars \$14.20—14.60, for uncertified .97 fine bars \$6.40—6.50). Imports: 12,400 taels, all from Macao but 400 from Taiwan.

SILVER:—Prices per .99 fine tael \$5.30—5.37, dollar coin \$3.32—3.42, twenty cents coins \$2.60—2.62.

Business turnover 58,000 taels. Trade is practically at a standstill; no supplies from China.

Silver trade in October:—Extremely small exports, almost no imports. Average export price \$3.93 per oz troy, import price \$3.70. Imports: 52,300 ozs valued at \$193,684, all in bars, all from Macao. Exports: 136,618 ozs in bars valued at \$537,284, all to Thailand but for 630 ozs to North Borneo; and 5134 ozs in coins valued \$18,300, all to Thailand.

US\$:—Highest & lowest per US notes HK\$646½—639½, DD 649—642½, TT 650½—644, equiv. to crossrates at the 1s. 3d. parity of US\$2.459—2.484. Sales: US\$370,000 in TT, 425,000 in DD and notes.

BANKNOTES:—Per 100 foreign currency units in HK\$:—Indochina forward 13, spot 12.95—13.07½, Indonesia (new rupiahs) 40—52 (conspicuous advance as trade with Java picks up and rupiah was undervalued on black market in Jakarta), Siam 28.

Per one currency unit: London 16.10—16.20, Australia 12.85—13, Canada 6.06—6.10, India 1.17½—1.18½, Burma .85—86, Malaya 1.76—1.76½.

Manila quoted 1.90½—1.92, depreciation on open market here amounted to 41—41½%. With disquietening reports from the Philippines where civic order is not well maintained further drop of peso must be expected. What will the US do?

Japanese yen, per 10,000, dropped to \$138—143. Macao pataca quoted at premium, \$105—106 per 100 patacas; continued gold imports into Macao keep pataca premium up. Taiwan yuan quoted 50—55 cts. per one.

CHINESE EXCHANGE:—Official Bank of China buying rates, in PB\$ per one foreign unit (rates remained unchanged but for India, Pakistan, Malaya, Australia where appreciation of foreign exchange was effected):—Hongkong 4750, New York 31,000, London 78,210, Malaya 9190, Australia 62,980, India 5850, Pakistan 8460, Burma 4750, Philippines 9270, Thailand

1340, Canada 28,840, Switzerland 7090.

Local open market rates for Canton, remittances HK\$100½—102 per 100 in Canton, HK\$184—191½ per one million PB\$; for PB notes \$186—192½; for Shanghai remittances in gold 106, in US notes 94½; for Taiwan remittances in gold 82—84, in US notes 86—89 (per 100 abroad).

Canton black market quoted PB\$5500 per HK\$1; there was some reaction to high prices of previous week. Hoarding of HK notes continues.

Business done in Hongkong: Canton remittances PB\$5300 million and HK\$ 1,380,000; in PB notes 850 million.

Nervousness in Shanghai is mounting; war preparations of Peking regime are proceeding. The People's Bank has limited withdrawals from personal accounts to half a million per day, to stem price increases on commodity markets. Future rate of PB\$ depends on political and military developments.

Taiwan exchange rates remain unchanged; in New Taiwan yuan: Hongkong 1.65, London 26, New York 10.25, Japan US\$ account 9.75, Malaya 3.12, gold (98½ fine) 472—476 (buying—selling).

Hongkong Stock Exchange

Last week's trading ended on a cautious note with bulls preferring to await developments in Korea and Lake Success before extending their commitments. Shares were well held, however, and selling was small. Interest during the week was centred mainly on China Lights Old and 22,000 shares were exchanged at prices ranging from \$14½ to 15½. Dairies and Cements had supporters around \$14¼ and Electrics at \$28½, but Banks and Unions were quiet. Rubbers have turned easy on moderate liquidation but selective buying at lower levels is becoming evident. The undertone in both sections at the close was quiet.

China Light & Power Co. announced a proposed Bonus issue of shares. 1 Bonus share of \$5.—Fully Paid for each Fully Paid share. 6 Bonus shares of \$5.—Fully Paid for every 10 shares (\$3.—paid-up). Lane Crawford Ltd. announced an Interim Dividend of \$1.— and Interim Bonus of 50 cents per share for the year ending 28.2.51, both free of tax.

Business reported during the week \$1,846,378.

	Closing Price	No. of Shares
H.K. Govt. 4% Loan \$	99	\$15,000
H.K. Bank	1325	140
Union Insurance ..	675	92
China Underwriters	3¼	1,000
H.K. & C. Steamboats	13	350
Union Waterboats ..	20	150
Asia Navigation ...	72½	2,000
Wharves	89	1,091
N. Point Wharves .	5	5,500
H.K. Docks	15	800
C. Providents	11½	2,500
Shanghai Docks ...	3½	3,000
Wheelock Marden .	25¼	1,600
H.K. & S. Hotels ..	7.60	700
H.K. Lands	47	650
Shanghai Lands ...	1.30	1,000
Realty	1.90	15,750
H.K. Tramways ...	13.70	5,387
Star Ferry	79½	150
China Lights (O) ..	15	31,563
do (N) ..	9½	7,476
H.K. Electrics	28½	11,235
Telephones (O) ...	11	1,150
do (N) ...	10	1,000
Cements	14	4,300
Ropes	14¼	166
Dairy Farms (O) ..	14¼	9,109
do (N) ..	13	5,454
Watson	23	1,100
Yangtze	2½	2,670
Ewo Cotton	2.70	500

HONGKONG SILVER TRADE IN OCTOBER 1950

Silver (bars or ingots)

Countries	Imports		Exports	
	Quantity Ounces	Value \$	Quantity Ounces	Value \$
North Borneo	—	—	630	2,400
Macao	52,300	193,684	—	—
Thailand	—	—	135,988	534,884
Total	52,300	193,684	136,618	537,284

Silver coins

Countries	Imports		Exports	
	Quantity Ounces	Value \$	Quantity Ounces	Value \$
Thailand	—	—	5,184	18,300
Total	—	—	5,184	18,300

Hongkong's Import and Export Regulations

The following points should be noted by merchants:—

1. Certificates of Origin *are* required for dutiable commodities where Imperial Preference is claimed, and for Rubber from Indochina and Thailand.

2. Parcel Post. Licences *are* required for parcel post in the same manner as sea or air freight.

3. Under the Merchandise Marks Ordinance No. 4 of 1890, Section 14, if imported goods are so marked as to give the impression that they are of United Kingdom origin when this is not the case, then the country of origin must be shown.

4. All cargo is classed as an import or export and the usual formalities must be observed, unless it is transit cargo, or transhipment cargo *on a through Bill of Lading*.

5. Refund of duty is *not* normally made when goods are removed from bond for local consumption and later re-exported.

Hongkong Trade Regulations for Exports to Japan

Goods originating in Far Eastern Territories other than countries of the Sterling area (i.e. China, Siam, Indochina, Philippines, Korea) may be exported from Hongkong to Japan only for payment through the Hongkong Open Account (in US\$). Such goods (except rice) may also be shipped to Japan direct from other ports for payment through the Hongkong Open Account.

Goods of Sterling area origin may be exported to Japan only against pay-

ment in Sterling from a Japanese Sterling Account.

Goods originating elsewhere may be exported to Japan only against payment in Sterling from a Japanese Sterling Account or in U.S. Dollars in accordance with Bank of England rules.

Goods exported to Japan for personal consumption by foreign residents in Japan (C series Import Licences) are treated in the same manner as normal exports to the U.S.A.

Hongkong Trade Regulations for Imports from Japan

Imports of Japanese goods may be made through the Hongkong Open Account (kept in US\$) only.

Goods purchased from Japan through the Hongkong Open Account may be shipped direct to Chinese destinations

provided they are not classified as prohibited exports from Hongkong.

Re-export of Japanese goods to U.S. Dollar territories or against payment in U.S. Dollars is not normally permitted.

Hongkong's Trade with India

India is one of Hongkong's less important trading partners, as imports and exports for 1949 which amounted to HK\$128.5 million were only 2.5% of the Colony's total trade, and this year for the January-September period this trade although rising to \$144.4 million was only 2.8% of the total. This year's increase was chiefly in imports \$129.9 million, which accounted for 5.1% of Hongkong's total imports for the nine months, as compared with 1.9% for 1949 (Jan.-Sept.). Exports \$14.5 million fell to 0.6% of the total as against 1.9% for the nine months of last year.

Trade between the Colony and India at present is very much of a one-way traffic. For the nine months of this year imports amounted to \$129.9 million, or an increase of 234.7% over the same period in 1949 \$38.8 million; while exports amounted to only \$14.5 million, or a drop of 54% against 1949 \$31.56 million. The favourable balance in trade of \$108,196 which existed at the end of 1948, was turned into an adverse balance of \$52 million at the close of 1949 and by the end of September 1950 had become a heavy surplus of imports amounting to \$115.4 million.

The increase in imports this year was mainly due to very considerable shipments from India of cotton yarn, large quantities of which were purchased by Pakistan; imports of cotton piece goods also showed a very large increase, as well as imports of gunny bags.

The following table shows the principal imports from and exports to India for January-Sept. 1950 compared with the year 1949:

Imports	(Jan.-Sept.)	
	1950	1949
	\$	\$
Cotton Yarn	40,841,689	16,390,826
Cotton Piece Goods	21,572,752	2,665,049
Gunny Bags	28,446,434	42,392,062
Raw Cotton	2,897,499	3,813,050
Coal & Paraffin Wax ..	5,095,974	12,965,103
Leaf Tobacco	1,768,309	2,071,402
Peanut Oil	1,641,850	3,644,623
Exports		
Lanterns & Torches	2,845,225	25,568,757
Raw Silk	1,909,657	642,707
Non-ferrous Base Metals	860,784	836,254
Miscel. Crude Articles ..	437,461	3,249,979
Manufactured Articles		
n.e.s.	133,771	3,163,900

Imports of cotton yarn from India began in October 1949, taking the place of shipments from the United Kingdom, and reached their peak in January 1950 with the amount of \$17 million. Gunny bags also touched their highest point in January with imports amounting to \$14 million.

The fall of \$17 million in exports this year was accounted for to a great extent by reduced sales of locally-made lanterns and electric torch cases, which in 1949 amounted to \$25.6 million as against only \$2.8 million for the first half of this year. Exports of miscellaneous crude articles and of manufactured articles n.e.s. also showed a heavy drop in the January-June period of this year, and cotton piece goods fell to almost nothing compared with over \$1.37 million in 1949.

The highest point reached in imports for the period January-September 1950 was in January when they touched \$39.8 million; the lowest was in July with \$5.8 million. The highest in exports was in September with \$3.15 million; the lowest was April with \$792,361. In 1949, the highest month for imports was December with \$23.77 million and the lowest January with \$1.1 million; for exports the highest was May \$4.97 million, the lowest was December \$1.7 million.

The figures of India's trade with Hongkong for January-September 1950 are shown in the accompanying table, together with the values for the full years 1948 and 1949:

	Total	Imports	Exports
	\$	\$	\$
1948	95,076,506	47,488,152	47,392,348
1949	128,521,598	90,346,595	38,175,063
1950 (9 mths.)	144,422,917	129,915,867	14,506,150

COMMERCIAL REPORTS

Hongkong Cotton Situation

The prospects of future supply of raw cotton to the textile industry in Hongkong brightened up last week as the result of Pakistan exporters being anxious to sell their stocks. Prices in Karachi slumped by more than 200 rupees per bale in one week. The tendency indicated a continued decline of prices from their present excessive levels. Another reassuring factor was that a request has been sent by the local authorities to the American Government to supply raw cotton to the spinning mills in Hongkong. Hopes are high that the request will meet with favourable response, especially in view of the fact that what Hongkong needs to carry on until next May is only about 50,000 bales.

At the moment the cotton supply situation here is not serious and no shortage is felt. Only one or two cotton mills have slightly curtailed operations while the majority are carrying on work as usual and have also resumed the acceptance of orders. Even without the arrival of fresh shipments, the present raw cotton stocks are sufficient to meet the requirements of the local spinning mills for at least another two months. If the United States would permit exports to be made to Hongkong early next year, the entire situation would change. This is due to the fact that American cotton is not only of better quality but is also cheaper than Pakistan products.

Hongkong Sugar Market

The local sugar market displayed an easier tone last week following the arrival of over 70,000 bags of granular sugar from Taiwan. Shipments of Cuba products were also expected to come into port. First grade Taiwan sugar was transacted in the market at \$71.50 per picul, and No. 21 Taiwan sugar at \$62.80 per picul. American white sugar was quoted at \$72 and Cuba sugar at \$70 per picul.

Macao Transit Levy

The transit tax which has lately been imposed by the Macao authorities is collected only on gunny bags and gasoline. The levy on gunny bags is 10 cents per piece and on gasoline, \$19 per drum of 53 gallons, both in Macao currency.

Local trade circles learned that the tax would be gradually extended to other commodities, and that the rate would be from 4 to 8 percent of the value. Metal products will soon be subject to the levy.

Hongkong Knitted Goods

Cotton knitted goods are enjoying great popularity in the South Seas market, where they are overshadowing and outselling Japanese products. Knitted goods produced by more than 400 weaving and knitting mills in the Colony are principally singlets, towels, hosiery and winter underwear. These

goods are of a high quality and the monthly exports to overseas countries are estimated at more than \$5,000,000.

The current high cost of cotton yarn is doing much to harm the business of the mills. Many foreign orders have to be declined because prices offered are too low.

Hongkong Trade Enquiries

H. Vettewinkel & Zonen N. V., Prins Hendrikkade 80-82, Amsterdam-C. (Netherlands), a well-known Dutch firm who are exporters of a big variety of paints, wish to find an agent in Hongkong.

Japan's Tea Production

Unofficial estimates of tea production in Japan during 1950 show a substantial increase from that of 1949. The total amount expected is 83,496,700 pounds, of which 74,229,700 pounds will be green tea and 8,267,000 pounds will be black. The total output in 1949, was 73,576,300 pounds.

Satisfactory rainfall in the spring of 1950 and average high temperatures during the growing season are largely responsible for this year's high production of tea. Picking, on the average, was about 1 week earlier than in the preceding year. The only significant damage to Japan's 1950 tea crop, was caused by a typhoon in August. This damage was more or less localized in the Kyoto district.

Damage from insects and other pests was also slight, largely because of preventive measures taken by individual farmers as a result of warnings issued by the Government Tea Experimental Stations.

The quality of green and black tea produced this year is reported to surpass the quality of tea produced in other postwar years.

During the first 8 months of 1950 total tea exports from Shimizu and Yokohama totaled 7,196,736 pounds valued 1,110,504,808 yen. Exports from Shimizu, which is responsible for about 98 percent of Japan's total tea exports, totaled 7,043,907 pounds, of which 2,497,689 pounds of green tea and 33,171 pounds of black tea went to the United States.

Rubber Production & Consumption

World production of natural rubber amounted to 167,500 long tons in September, 2,500 tons below the record 170,000 tons reached in July and August. In the first 9 months of this year production was estimated at 1,335,000 tons, up 23.3 percent from the 1,082,500 tons estimated in the same period of 1949.

Malayan output in September was about 58,900 tons making their January-September figure 509,700 tons, compared with the January-September 1949 total of 497,500 tons.

September rubber exports from Indonesia were calculated at 63,254 tons including 10,265 tons of estate produce. In the first 9 months of this year, Indonesian exports totaled 477,120 tons

(362,905 native), up 61.8 percent from the 294,941 tons (183,446 native), reported in the same period last year.

World new rubber consumption was estimated at 197,500 tons in September, compared with 185,000 tons in August, and 150,000 tons in September 1949. Of the September total, 145,000 tons were natural, and 52,500 tons synthetic.

In the first 9 months of 1950; new rubber consumption was estimated at 1,620,000 tons, of which 1,212,500 tons were natural, and 407,500 tons synthetic. In January-September 1949, total consumption was 1,400,000 tons, consisting of 1,057,500 tons of natural and 342,500 tons of synthetic. Included in these consumption figures are estimated imports of natural rubber into Russia amounting to 13,250 tons in September 1950, 53,250 tons in January-September 1950, and 87,500 tons in January-September 1949.

Synthetic rubber production in September was estimated at 47,500 tons, making the cumulative 1950 output 375,000 tons as against the January-September 1949 figure of 346,857 tons. Russian output is not included in these figures.

World stocks of natural rubber, excluding Russian stock, and excluding Government stocks in the U.S., the

United Kingdom, and France were estimated at 760,000 tons at the end of September, and consisted of 250,000 tons in producing countries, 237,500 tons in consuming countries, and 272,500 tons afloat. At the start of 1950 stocks were estimated to total 725,000 tons. World stocks of synthetic rubber, excluding Russia, were estimated at 67,500 tons on September 30, as against 110,000 tons on January 1.

Trade Agreement Between Eastern Germany and Communist China

A trade agreement between communist China and Eastern Germany to cover the calendar year of 1951 was negotiated in Peking on October 10, 1950. Lin Hai-vun, Director of the International Trade Office of the Ministry of Trade of the Peoples Republic of China, and G. Ziller, chief of the trade mission of the Provisional Government of the Democratic Republic of Germany, signed the agreement on behalf of their respective regimes. Beyond the fact that under the agreement communist China will export various kinds of raw materials (particular items not specified) in exchange for imports of industrial equipment (specifically machinery) and materials from Eastern Germany, further detailed information is not available.

HONGKONG COMMODITY MARKETS

Raw Cotton

A very strong reaction was observed on the hitherto firm market last week, resulting in quotations sustaining losses compared with the preceding period. Transactions were conspicuous by their absence as operators waited for fresh developments in the international market. In the eight days since the Pakistan cotton exchange reopened on November 16 until November 23, quotations in the exchange slumped by as much as 250 rupees per large bale. This landslide, as spectacular as the rise recorded during the suspension of the exchange, was attributed to the intensive profit-taking activities of Pakistan cotton merchants. This was easily understandable in view of the fact that the price of American cotton, although advancing during the week, was still well behind the Pakistan rates (reported on November 25 at 44.65 cents per lb. spot, or under HK\$3.00 per lb.). Furthermore, the United States has further increased its export quotas, which would thus ease the world supply of the staple. Almost reaching the level of wool prices, the Pakistan quotations were fully recognized by all interested circles as unrealistic and this accounted for the anxiety of Pakistan traders to dispose of their stocks and for the disinterested attitude displayed by buyers. Pakistan prices on November 24 were NT Roller Gin 1,470 rupees per double bale, and 289-F 1,500 rupees, with a tendency for continued easiness.

Some disquiet was felt among local business circles upon receipt of confirmation that the Pakistan Government had adopted a resolution to raise the cotton export tax to 300 rupees per bale. Only recently the levy was hiked to 180 rupees from 40 rupees for short fibre and 60 rupees for long fibre cotton. This had a steadying effect on the market, which ended last week with NT cotton quoted at \$3.60 per lb., 4-F at \$3.40, Rangoon at \$2.80, and American 1" at \$4.10, as compared with \$4.10 \$4.00, \$3.00 and \$4.20 respectively the preceding week.

Cotton Yarn

Following the slump of raw cotton prices, the cotton piece goods market also registered a decline last week, with Indian products showing losses up to \$200 per bale and Hongkong brands up to \$140. There was, however, little business done and the actual deals were restricted to odd lots of 10 or 20 bales. Sentiment was depressed by news of the expected arrival of over 1,000 bales of Indian products before the end of this month, consisting mainly of 32's and 40's. A part of these consignments has already been offered in the market at reduced prices, and shipments were expected to continue in the future. However, although the market was unusually weak and sluggish, experienced observers were not inclined to accept the view that the price slump would gather momentum, in view of the still unassured raw supply question.

Market prices progressively declined last week, and at the end of the period transactions were effected at the following rates: Indian 10-count products — "Phoenix Mills" \$1,480 per bale, "Godak Mills" \$1,480, and "Dawn Mills" \$1,450; 20-count products — "Sree Meenakshi Mills" \$1,840, "Cocato" \$1,770; "Godak Mills" \$1,760; "Dawn Mills" \$1,750, and "Radhakrishna Mills" \$1,680; 32-counts — "Kotak" \$1,800, "Coimboatore Mills" \$1,860, and "Madura Mills" \$1,900. As to Hongkong brands, the heaviest declines were recorded by "Camel" 20's which were traded in at \$1,900 per bale, "Yacht" 20's which also were transacted at \$1,900, and "Flying Fish" 32's which changed hands at only \$2,310, as compared with the previous week's price of \$2,450.

Cotton Piece Goods

Notwithstanding the severe slump in the raw cotton and cotton yarn markets, cotton piece goods presented a fairly steady trend on the support of active overseas buying interest. Mill circles revealed that countries in the sterling bloc had lately started enquiries with a view to concluding contracts for a total of 1,000,000 yards of Grey Sheetings. The deals, however, had not yet been closed as there was still a margin of 10 percent in the price which had still to be agreed upon. At any rate, there was confidence among weaving mill circles that overseas demand would continue to provide an impetus to the local market and keep the industry operating. The only menace is the shortage and high cost of yarn, and with the cost of the product having started to tend toward a more normal level, the prospects are good for business to pick up again.

Meanwhile, the authorities in Shanghai granted export permits for 15,000 bolts of cloth as the Shanghai mills were producing more than could be consumed. However, in view of the high production cost there doubts were expressed that the Shanghai goods could be brought here to sell at a profit. Shipments of Indian cloth were continuing to arrive, thus keeping the local market from showing a firmer tendency.

The volume of trading was narrow and in sympathy with cotton yarn prices tended somewhat bearish, declining by \$1 or \$2 for the week. Of Grey Sheetings "ABC" was last quoted at \$62.30 per bolt, "Mammoth" at \$66, "Flower and Bird" at \$65, and "Five Stars" at \$62. "Ching Liang Yu" White Cloth was listed at \$61, Japanese White Cloth at \$65, "Nanchang" Black Cloth at \$66, and "Golden City" Fine Drills at \$66.

Metals

A dull atmosphere continued to prevail in the market last week, mainly due to diminished demand from Canton where prices eased after local stocks had been substantially augmented by recent purchases. Moderate trading activity was reported only in Steel

Plates, of which more than 50 tons of European 1/8" and 1/4" products were traded in at an average rate of \$64 per picul, and later another over 100 tons of 1/8" at \$75 and 1/4" at \$68 per picul. Some business was also done on Galvanised Steel Sheets, with G26 selling at \$0.77 and G28 at \$0.81 per lb. As shipments were continuing to arrive from Japan prices failed to show strength. There was little trading activity in Round Bars, for which sellers asked the unchanged price of \$53 per picul of the 3/4" size. Advices were received by local importers last week from Japan that the delivery of all outstanding orders would be put forward two months, causing considerable dissatisfaction and criticism.

Apart from Steel Plates, Galvanised Steel Sheets and Round Bars, business in other items was very quiet and prices maintained their previous week's levels. Fresh supplies are now coming chiefly from Japan, and if demand should improve a general rally in other metal goods previously in keen demand could be expected to follow.

Industrial Chemicals

The downward movement continued last week under a marked absence of buying interest. Caustic Soda, a widely demanded item a few weeks ago, recorded practically no transactions although sellers were prepared to make heavy concessions. The market quotation for American products was further lowered to \$225 per 700-lb. drum, but aroused no buying interest. Calcium Hypochloride, on the other hand, displayed some strength on moderate demand, 50 drums of American goods for delivery December 23 were traded in at \$3.20 per drum. A small amount of business was done on Dutch Glycerine at \$2.65 per lb., "Crown" Brand Quebracho Extract at \$1.28 per lb., and "Elephant" Brand Mimosa Extract at \$1.20 per lb. Eight 53-gallon drums of Paraffin Oil were traded in at \$400 per drum, and also 20 drums for December delivery at \$308 per drum.

A heavy dive in the price of Japanese Calcium Hypochloride was reported last week as the result of the offer of 60 tons of the product made recently by a European firm, at the price of \$1.13 per lb. with shipment in January next year. The contracts were divided among several dealers, who immediately disposed of the forward at \$1.35 per lb. The seller was later asked for the change of the shipment date to March, giving as excuse the difficulty of securing shipping facilities, and at the same time made further offers at \$1.30 per lb. With the stocks of British products depleted and the price rising to \$2,350 per ton, offers were made of Japanese Ammonium Chloride in the local market last week, and seven tons were contracted for by local dealers at \$1,400 per ton. Also transacted were 50 cases of Canadian Red Phosphorus at \$319 per case.

As the question of shipment from Japan was still not settled, both buying and selling circles maintained a

non-committal attitude towards Ammonium Sulphate. Offers were reported received from both Hungary and Denmark, the former at £24 c.i.f. Far Eastern ports, and latter at £24 f.o.b. Denmark. No business, however, was yet reported. Market prices were steady, with "Gold Coin" transacted at \$560 per ton, "Elephant" at \$31.50 per picul, "Buffalo" at \$535, and "KHH" at \$520. "Harvest" brand for delivery in December was traded in at \$535 per ton. Local stocks were augmented by the arrival on November 23 of a shipment of 1,150 tons of American products.

Dyestuffs

Dull trading conditions were witnessed. Having already made heavy purchases previously, mainland merchants displayed a lack of appetite and were seen to make only minor commitments. Japanese products were lately offered here and a full range of goods was made available through a local agent. With the recent rush buying having quieted down, a renewal in trading interest was not generally expected. Scattered business was reported last week on Nacco's Indigo 50% Paste in 5-catty tins at the steady price of \$940 per picul, and in 50-catty drums at \$860 per picul, Groceine Scarlet at \$1,500 per picul, Metanil Yellow at \$700 per picul, Sulfindone Blue B at \$590 per picul, and Erie Violet at \$1,300 per picul. Of ICI products, 200 drums of Indigo 20% Paste in 15-kilo tins were transacted at \$280 per picul, 5 piculs of Naphthalene Scarlet at \$950 per picul, five piculs of Chlorazol Black E300 at \$1,000 per picul, as well as various other items in small quantities.

Paper

Featuring the market last week was the advice from Europe of the advance holding of the third convention this year of the European Paper Mills Federation for the revision of prices. Instead of on December 15, the meeting was held in Oslo on November 21 and prices for several kinds of paper were raised by £15 to £22 per ton. As all the mills had already oversold well in advance, no orders would be considered until next spring.

Shipments of Austrian Rolled Newsprint was offered in the local market last week at £92 per ton, with shipment to be made in February next year. Austrian quotations for Manifold Paper and Parchment were also increased.

Buyers in the market included Shanghai importers and South China firecrackers producers, the former taking up 1,000 reams of M. G. Cap at \$16.50 per ream and the latter over \$30,000 worth of Flint Paper, both being granted import licences by the Chinese Communist authorities. Taiwan merchants continued to show an interest in Rolled Newsprint, absorbing 50 tons Canadian products at 67½ cents per lb. and 20 tons Japanese at 64 cents per lb. Philippine buyers made commitments in Duplex Board,

240 lbs., at \$210 per ream, and Indonesian merchants in Dutch Cardboard at \$850 per ton, and Manifold Paper at \$31.50 per ream. Local factories also took up over 20 tons of Cardboard, of which Japanese products being transacted at \$780 per ton. A local European firm sought to purchase 100 tons of Norwegian Rolled Newsprint at 68 cents per lb., but did not succeed in obtaining it. Over 20 tons of French Newsprint, however, was done at 67.2 cents per lb.

Of other products Woodfree Printing 43 lbs. was quoted at \$1.50 per lb., White Poster Paper at \$1.08 per lb., M. G. Sulphite at \$48 per ream, and Bond Paper 26-lb. at \$33 per ream.

Rubber

With the heavy slump of Singapore quotations, the market last week went down by \$60 or about 15 percent as compared with the week before. The sharp drop in prices served as a further deterrent to buyers, who had shown little interest for many weeks. With prices having soared recently almost without interruption, demand had nearly completely died down and local rubber consumers ceased using the product or reduced their consumption. The price for No. 1 Smoked Sheets fell last week to \$460 per picul, No. 2 to \$455 and No. 3 to \$450, the lowest seen in the past two weeks. Arrivals last week included a shipment received on November 23, consisting of 4,937 pieces for Hongkong and 9,438 pieces for transshipment to North China.

Cement

Prices last week were steady, with practically all products retaining their previous week's levels except "Snowcrete" White Cement, which improved from \$58 to \$61 per drum of 375 lbs. Exports from Taiwan to this city were

expected to be resumed soon as reports were received that 1,553 tons were due to sail for Hongkong towards the end of this month.

Gunny Bags

After rising to \$5.30 on reports of the raising of the export duty by India, Gunny Bags reacted later and a small amount of business was transacted at \$5 per piece. There was no noticeable change in used products, India Heavy Cees Green being quoted at \$3.40, and Plain at \$2.35. Buying interest was dull. The s.s. "Eastern Queen" arrived last week with a shipment of over 1,000 bales of Nepal products, of which one part was for reshipment to North China.

China Produce

Reacting after a brief rally the week before, all products displayed an easy and featureless tone last week. There were few enquiries for Teaseed Oil, for which sellers demanded \$172 per picul and would not give ground owing to the paucity of stocks. Tung oil quotations in all producing areas were down. About 100 drums arrived from Nanning at the end of the week, when holders, in view of the lower costs, accepted offers at slightly less than the previous price of \$190 per picul. Rape-seed Oil and Aniseed Oil also lacked buyers' support.

The South China Foreign Trade Bureau last week revised the floor prices of Cassia, both 60 and 80 catty packings being raised from HK\$93 to HK\$98 per picul, and bulk cargo from HK\$87 to HK\$89 per picul. The floor price for Yuankiang White Ramie was also increased from HK\$274 to HK\$287 per picul, and that for West River Ramie from HK\$260 to HK\$297. The new native product tax, the collection of which was started on November 10, on Cassia is PB\$9,800 per picul. From North China came reports of the har-

vest of the best groundnut crops for the last 30 years. This was indicated by the arrival of increased shipments, which slightly depressed prices here.

Following the shipment of local stocks of Wolfram and Antimony ores back to China, local holdings of these ores are now exhausted. These stocks were formerly owned by the National Resources Commission and were later taken over by the Chinese People's Government. Several hundred tons of Tin Bars arrived here recently from Singapore, but the local demand was limited and business was done at \$1,150 per picul.

There was fairly active foreign demand for Casings, causing prices to improve further. Products from Shanghai were traded at \$4,199 per picul. Mainland merchants displayed an interest in Taiwan Camphor, the price of which advanced to \$2.67 per lb.

China Produce Arrivals

A substantial increase was witnessed in arrival of Chinese native products. Cassia, tung oil, tea and ramie from South China still led the list while large amounts of groundnuts, edible oils and beans also arrived from North China.

The following list shows the week's arrivals of the major Chinese products:

Product	Quantity
Cassia Lignea	4,713 pkgs.
Tung Oil	2,681 drums
	240 tons
Tea	2,899 chests
Ramie	2,670 pkgs.
Gallnuts	1,970 pkgs.
Aniseed Star	1,557 "
Fresh Eggs	500 Baskets
Raw Silk, Waste	267 Pkgs.
Teaseed Oil	206 drums
Feathers	198 pkgs.
Casings	11 "
Cassia Oil	7 drums
Hides	5 pkgs.